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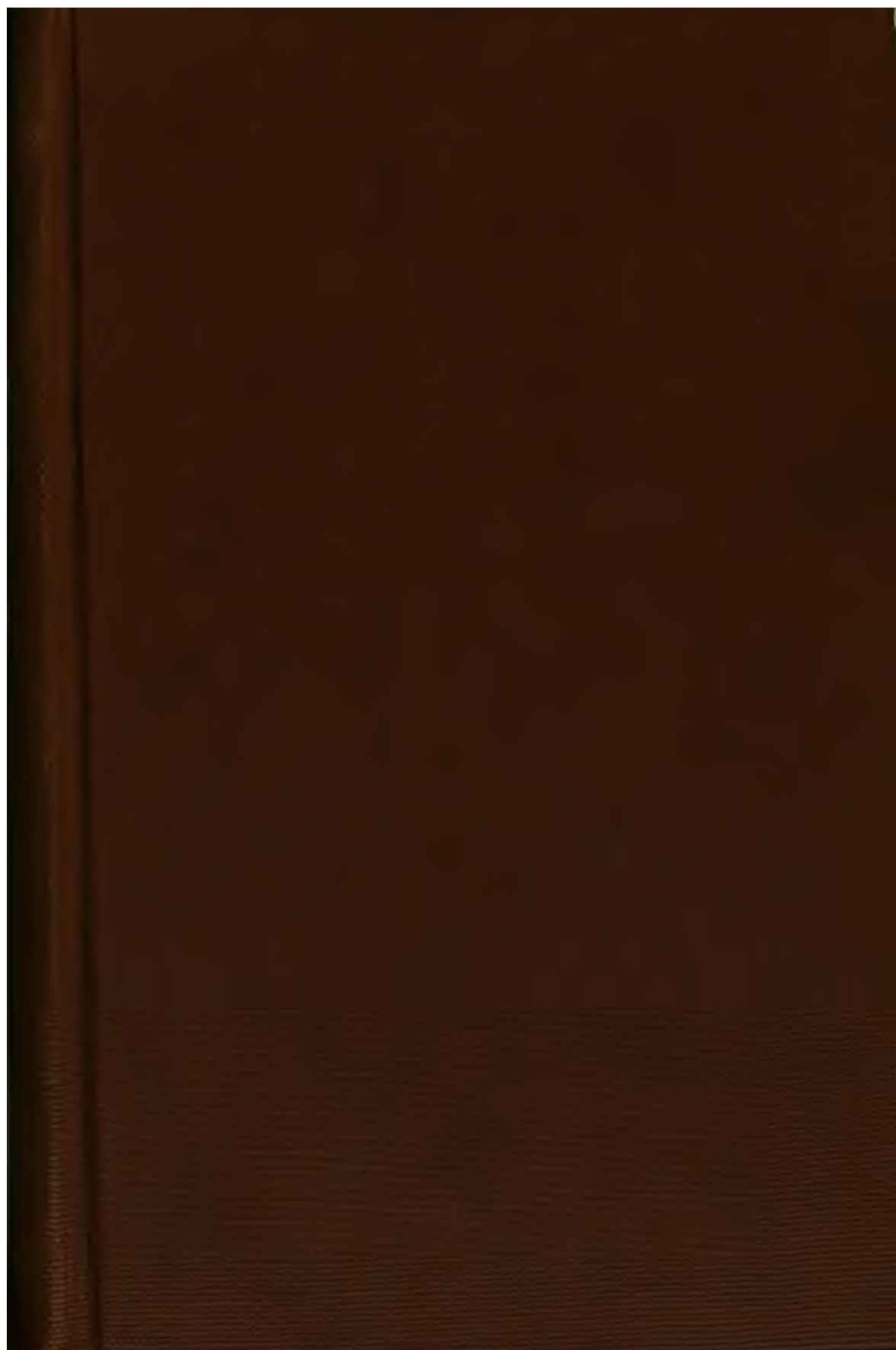
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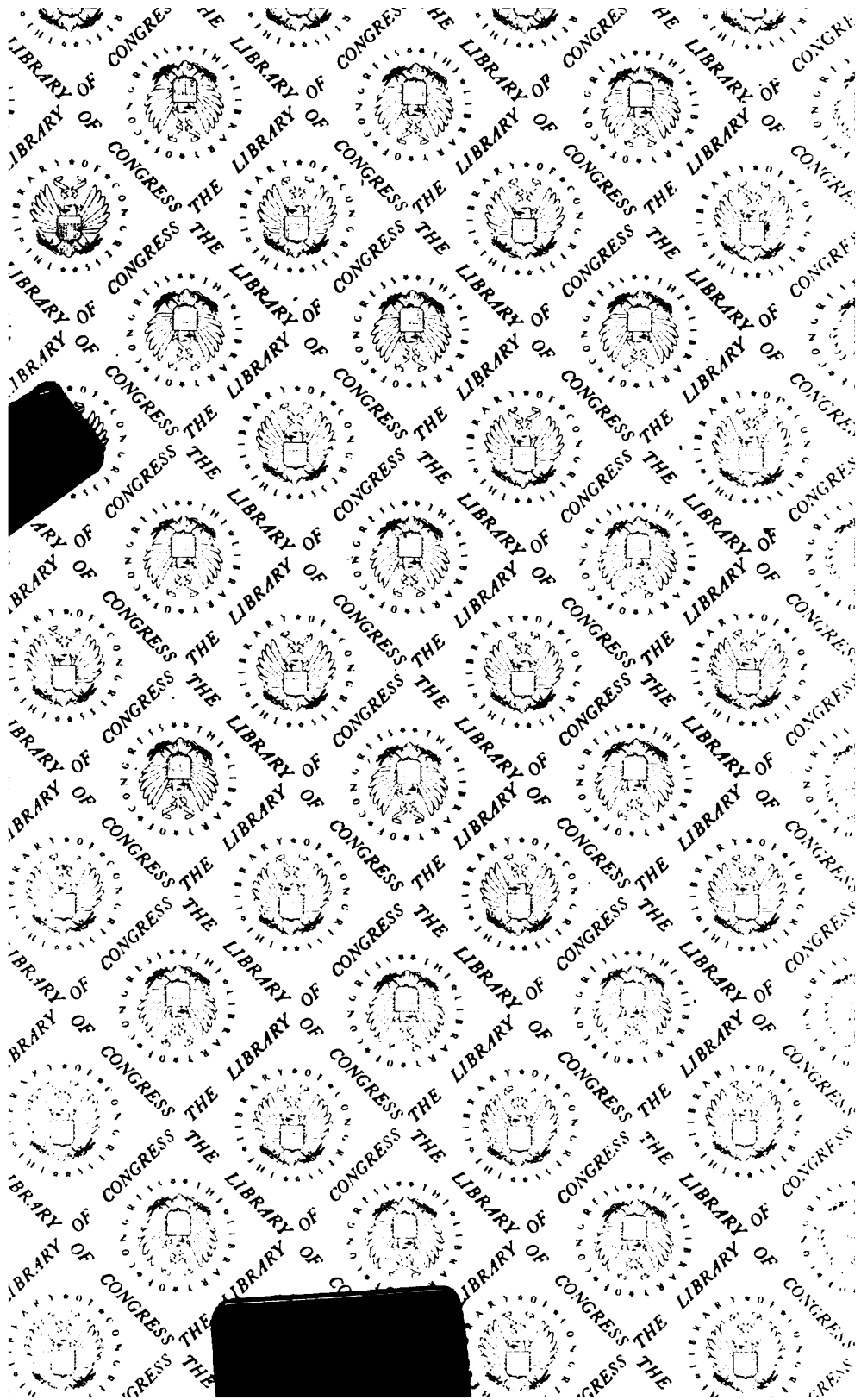
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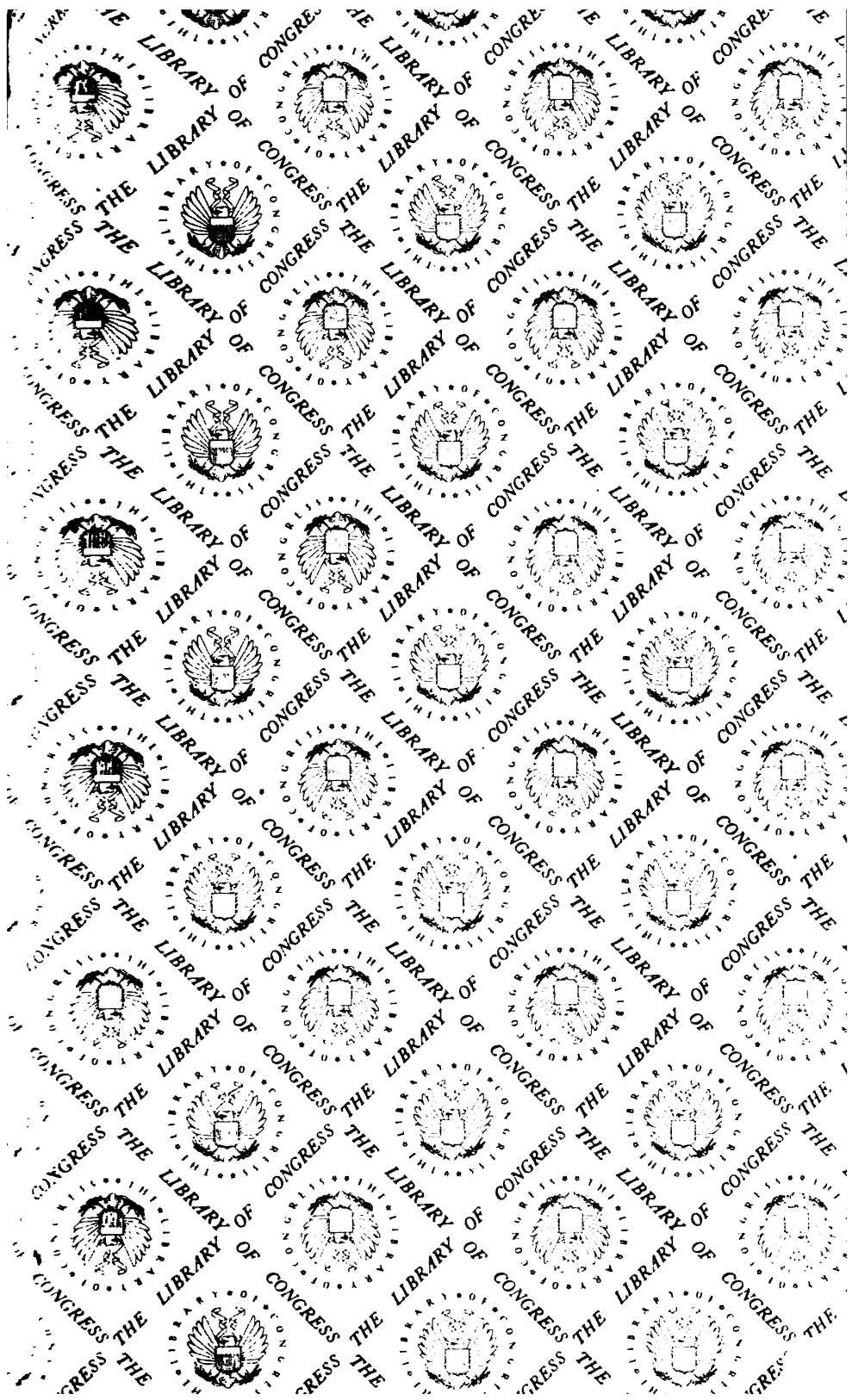
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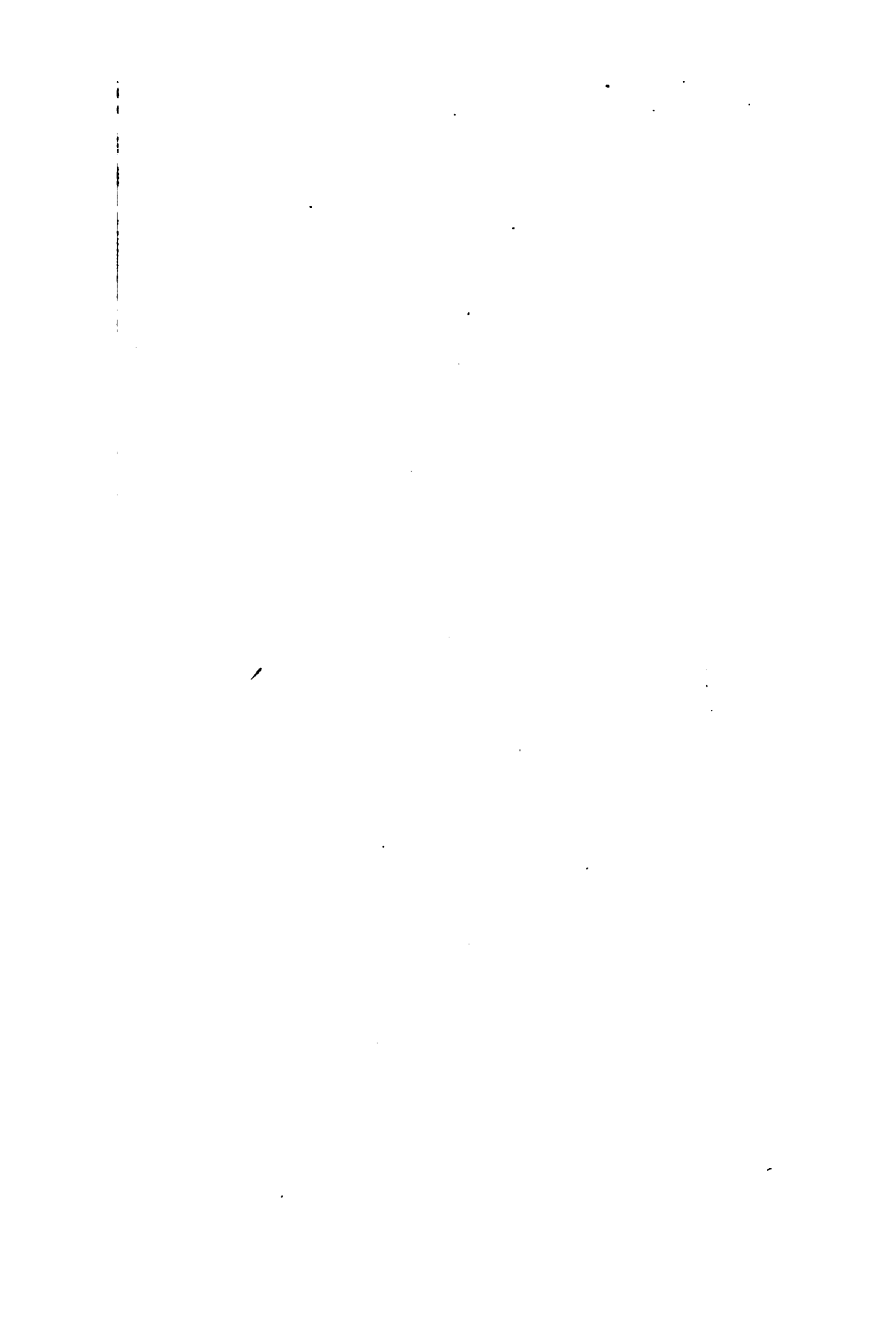
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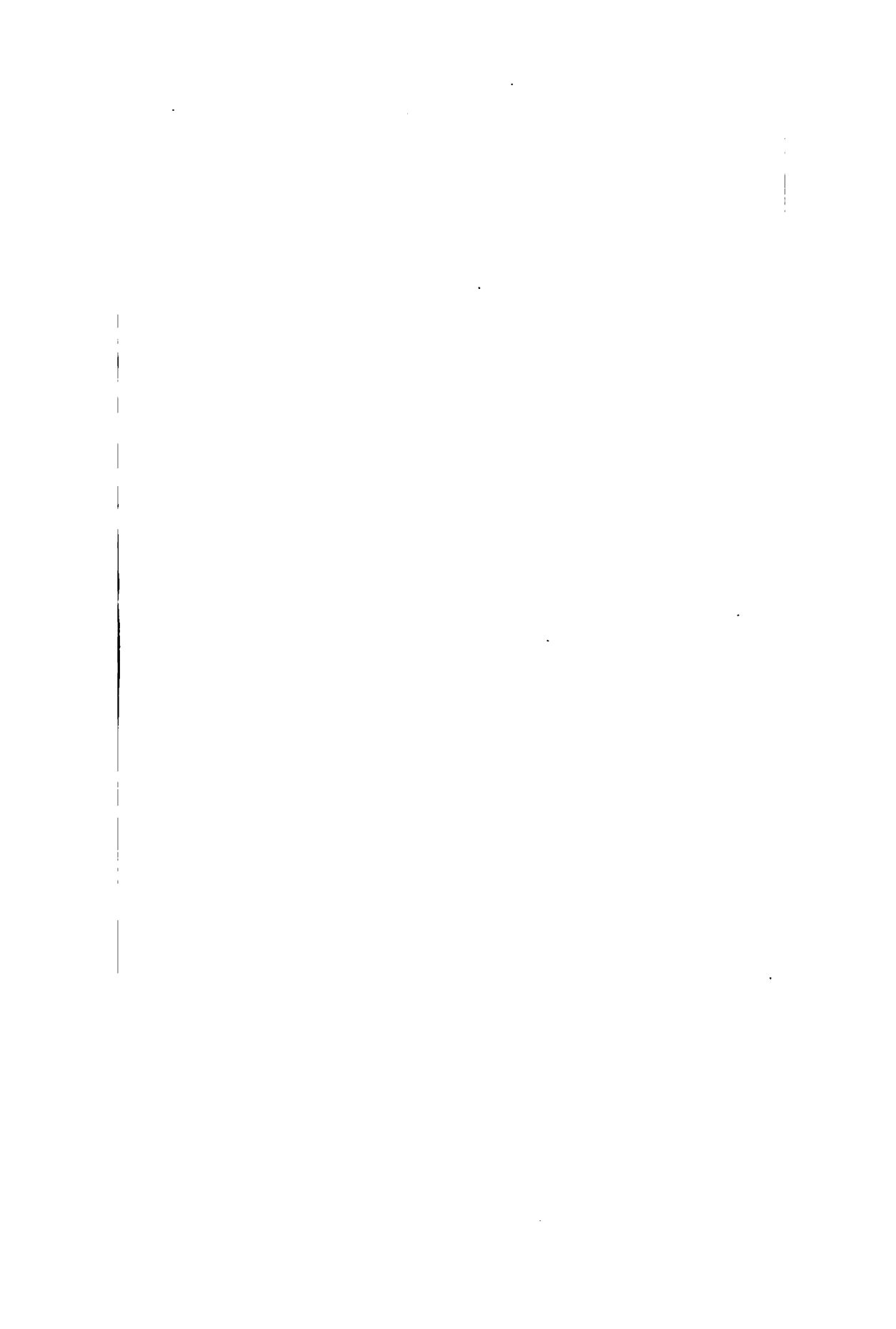
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POST-OFFICE APPROPRIATION BILL, 1907.

HEARINGS BEFORE SUBCOMMITTEE NO. 1

OF THE

COMMITTEE

ON THE

POST-OFFICE AND POST-ROADS,

HOUSE OF REPRESENTATIVES.

JESSE OVERSTREET, *Chairman.*

JOHN J. GARDNER.

HOWARD M. SNAPP.

THOMAS HEDGE

JOHN A. MOON.

WILLIAM H. STAFFORD.

JAMES M. GRIGGS.

DAVID E. FINLEY.

WASHINGTON:

GOVERNMENT PRINTING OFFICE.

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POST-OFFICE APPROPRIATION BILL 1907.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Monday Morning, January 22, 1906.

Subcommittee called to order at 10.30 a. m.

STATEMENT OF HON. FRANK H. HITCHCOCK, FIRST ASSISTANT POSTMASTER-GENERAL.

The CHAIRMAN (Hon. Jesse Overstreet). I suggest that the members of the subcommittee turn to page No. 7 of the skeleton bill. We will begin hearings of Mr. Hitchcock, the First Assistant Postmaster-General.

The first item refers to the amount for pay of postmasters. Can you state to the committee whether you have any later data than appears in your report of the number of postmasters in the several grades? Your report gives the number to the 1st of July.

Mr. HITCHCOCK. I recall that there were 159 fourth-class offices advanced to the Presidential grade on the 1st of January, but there has been a slight reduction in the number of fourth-class offices by discontinuance. Just how many I do not know.

The CHAIRMAN. How do you arrive at the estimate of \$24,500,000 as necessary for compensation to postmasters during the next fiscal year?

Mr. HITCHCOCK. I would like to say about that item that since these estimates were prepared we have received the report of the Auditor covering the last fiscal year. That report became available on the 20th of October last, and it showed a larger unexpended balance than had been anticipated, and on the strength of that we are prepared to reduce our estimate by \$500,000.

The CHAIRMAN. To make your estimate \$24,000,000 even?

Mr. HITCHCOCK. You understand that when this estimate was submitted we did not have those final figures, and we wanted to be on the safe side.

The CHAIRMAN. There will be no deficit, practically, in the compensation of postmasters for the current fiscal year?

Mr. HITCHCOCK. I don't think so. We think there will be a large unexpended balance.

The CHAIRMAN. Then you ask for an increase on your later information of \$250,000 over the current appropriation?

Mr. HITCHCOCK. Yes.

Mr. SNAPP. Do I understand you to say that there will be a large unexpended balance for the current fiscal year?

Mr. HITCHCOCK. There will be an unexpended balance close to \$500,000.

The CHAIRMAN. If you have an unexpended balance of a half million dollars for the current fiscal year and you should add a quarter of a million dollars, that would make the appropriation for 1907 \$24,000,000, and it would be equivalent to three-quarters of a million added, would it not?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. Inasmuch as we appropriated an increase of nearly a half million dollars for the current fiscal year and you had that much remaining, don't you think you could reduce the present estimate under that? Don't you think you would be able to get through with less than \$24,000,000?

Mr. HITCHCOCK. I have discussed that matter with my people, and they point out to me that this is a matter regulated by law, and they do not think it would be wise to cut under that amount.

The CHAIRMAN. It is quite true that the compensation of postmasters is regulated by law, and if no money were appropriated they would have the right to the compensation and the appropriation would come up in the form of a deficiency. But there is no necessity of enlarging the appropriation beyond what is a fair, equitable estimate of the amount that will be necessary. And I would suggest that if the increase of appropriation for 1905 of a half million dollars greater than the appropriation for 1904 and you tell me that you will have a half million dollars of surplus at the end of the current year, why do you think you will need \$750,000 more for the fiscal year 1907 than for the fiscal year 1906?

Mr. HITCHCOCK. That is simply an estimate, Mr. Chairman, and it is based upon the presumption that the increase for this past year will be about the same as the increase for the preceding fiscal year.

The CHAIRMAN. Have you estimated the per cent of increase for the fiscal year 1907—if the ripening of postmasters from one grade to another will be a larger per cent than the increase from 1905 to 1906?

Mr. HITCHCOCK. The point is that in the fiscal year 1905 the increase was only \$469,000, whereas the increase for the decade preceding that year was \$666,000. Now, our estimate, as I understand it, is based upon the supposition that the increase for the year to be covered in these estimates will be about the same as the increase in the last fiscal year. But that increase varies from the average for the decade, being much smaller. It is somewhat problematical whether the increase will be as small next year. And for that reason we thought it wise to be on the safe side.

The CHAIRMAN. Supposing that a less amount were appropriated than required, what inconvenience would there be, if any, in the administration of the service?

Mr. HITCHCOCK. I don't think there would be any inconvenience, but it would put us in the light of having made an underestimate.

The CHAIRMAN. I am trying to ascertain from you whether or not you have not overestimated. If you are going to have a surplus of a half million dollars in this item this year, and then you ask an increase of a quarter of a million over this year, would not that go

to make a much larger appropriation than you really think you will need, on your own figures?

Mr. HITCHCOCK. If we are safe in following the fiscal year 1905, I should think so; but we are not sure that that is safe.

The CHAIRMAN. Would not there be some little inconvenience in the auditing department?

Mr. GRANDFIELD. The Auditor would have to hold up settlement of the accounts.

The CHAIRMAN. Do you think \$24,000,000 is ample for the next fiscal year, instead of \$24,500,000?

Mr. HITCHCOCK. We think that is a safe estimate.

Mr. SNAPP. I observe, Mr. Hitchcock, in the appropriation for 1905, that there was a surplus of over \$500,000 also. You estimate a surplus for the fiscal year, the current year, at about the same amount.

Mr. STAFFORD. Hasn't the committee heretofore on this item accepted the estimate knowing that there could not be any abuse, and they did not wish to hamper the Department in any way?

The CHAIRMAN. Last year the committee, in its recommendations for the fiscal year 1906, provided exactly the amount of the estimate. The preceding year we reduced that estimate very considerably, but still there was a surplus of \$500,000.

Mr. FINLEY. Isn't it true that the increase in expenditure last year was a very much smaller percentage than the normal increase, and therefore it would not do to take the increase of last year for anything like a fixed percentage?

Mr. HITCHCOCK. The increase last year—that is, during the fiscal year 1905—was the smallest increase in a period of about ten years.

Mr. FINLEY. That is what I mean.

Mr. GARDNER. This appears to be the first year that they have not had a deficiency in that item.

Mr. FINLEY. There would be no harmful result in fixing the amount at \$24,000,000, whereas if we don't then there is a question with the Auditor as to whether the amount will be sufficient.

Mr. SNAPP. There would be no harm in making it \$24,000,000.

Mr. FINLEY. I was calling attention to that fact, that last year the increase in expenditures was very much below the usual increase. If you make an allowance for the usual and normal increase in this Department of the service, the \$24,000,000 would not be very far from right.

Mr. STAFFORD. Can you give, Mr. Hitchcock, say, within \$100,000, the estimated expenditure for the present fiscal year at this time? Twenty-three million seven hundred and fifty thousand dollars is now appropriated. How much of that will be used in the payment of postmasters' salaries during the present current year?

Mr. HITCHCOCK. I stated a moment ago that, basing our estimate on the increase shown by the salaries for the preceding fiscal year, we have estimated that it would be in the neighborhood of \$500,000.

Mr. STAFFORD. But you do not get my meaning; can you give me an estimate of the expenditures that will be made out of this item during the present current fiscal year?

Mr. SNAPP. I think he answered that; he said there would be a surplus of about \$500,000.

Mr. HITCHCOCK. I simply added \$500,000 to the expenditures shown for the last fiscal year in that statement.

Mr. GARDNER. It seems to me that there is a misapprehension here.

Mr. STAFFORD. No; I think not. In the neighborhood of \$23,250,000 will be expended for salaries of postmasters during the current year. Twenty-three million seven hundred and fifty thousand dollars is the estimate. Now, during the last year, according to your report, there was \$469,926 increase in salaries of postmasters during the fiscal year of 1905. Taking \$500,000 as a basis for increase during the year, why would not \$23,750,000 be adequate to meet this expenditure?

Mr. HITCHCOCK. If you will look at the series of increases for the last decade, you will see that they vary from year to year.

Mr. STAFFORD. You state in your report that the average for the decade is \$666,383, but you state also in explaining that variance from that figure to the amount \$469,926, that it was due to the discontinuance of fourth-class offices and the extension of rural delivery. Will not the same factors be present during the fiscal year 1907?

Mr. HITCHCOCK. They will unquestionably be present; but it is not certain to what extent. It is an uncertain quantity; that is the difficulty.

Mr. STAFFORD. So your average of about \$666,000 is not a criterion any longer, and the extension of rural mail resulted in the discontinuance of fourth-class offices, and consequently a saving to a certain extent in the pay of salaries of postmasters in those offices.

Mr. HITCHCOCK. For that very reason we are taking the figures for the last fiscal year as our basis in making this estimate. We have abandoned the average for the decade.

Mr. STAFFORD. What figures are you taking—that of \$469,926?

Mr. HITCHCOCK. Yes, sir.

Mr. STAFFORD. If that is the basis, then if you are going to expend \$23,250,000 during the present fiscal year, why would not adding \$500,000 to that, which is more than \$469,000, which has been the increase in the prior year—why would not \$23,750,000 be sufficient?

Mr. HITCHCOCK. We are by no means sure that sum is exact. We think it will come closer to that sum than to the old average, but we wish to be on the safe side.

Mr. STAFFORD. Why not add another \$100,000 and make it \$569,000? That would be in the neighborhood of \$23,800,000. Would not that be on the safe side?

Mr. HITCHCOCK. Possibly; but we submitted this item for \$24,000,000 as the judgment of our office. As the chairman has explained, this matter is regulated by law. If the committee thinks it wise to make a further reduction, the committee can take the responsibility for it, without affecting anybody, possibly, but the Auditor.

Mr. FINLEY. Isn't it a bad policy on the part of the Department to have a less sum of money appropriated than will reasonably carry on the business of the Department for the fiscal year? Is it not a bad business policy?

Mr. HITCHCOCK. Of course it results in embarrassment in the adjustment of the accounts.

Mr. FINLEY. Does it not require a larger clerical force?

Mr. HITCHCOCK. Unquestionably it makes more work.

Mr. FINLEY. More places for clerks in the Department?

Mr. HITCHCOCK. Undoubtedly, if there is a deficit.

Mr. SNAPP. Between the years 1900 and 1904 the expenditures have exceeded the appropriation. Can you state to the committee how close the estimate for those years agreed with the expenditures?

Mr. HITCHCOCK. In that year the estimate was \$17,000,000.

Mr. SNAPP. And the expenditure over \$19,000,000.

Mr. HITCHCOCK. Yes; \$19,112,000.

Mr. SNAPP. Now for the next year?

Mr. HITCHCOCK. For the next year it was \$17,000,000 again; that was our estimate.

Mr. SNAPP. But there was nearly \$20,000,000 expended.

Mr. HITCHCOCK. About \$20,000,000.

The CHAIRMAN. Eighteen million dollars was appropriated that year, a million dollars more than the estimate.

Mr. HEDGE. Can you give us the reason—taking the years 1900 and 1901—can you give us what the uncalculated expenditure was; how that happened that there was a surplus over the appropriation and estimate?

The CHAIRMAN. My recollection is that the unexpected increase in the volume of postal business ripened a larger number of offices in the higher grades than had been estimated for. The growth of the business was so much above the average for those years.

Mr. SNAPP. What I was trying to demonstrate to Mr. Hitchcock was that it might be somewhat difficult to make an accurate estimate of what would be the increase in this branch of the service.

Mr. HITCHCOCK. That is the point I wish to make.

Mr. SNAPP. And that the Department has not successfully estimated it for any single year since 1900.

Mr. HITCHCOCK. It is shown very plainly by this statement that it was an underestimate in most of the years.

The CHAIRMAN. What was the Department's estimate for the year 1903?

Mr. HITCHCOCK. In that year the Department's estimate was \$20,000,000.

The CHAIRMAN. And \$21,000,000 was appropriated?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. But over \$21,000,000 was expended?

Mr. HITCHCOCK. Yes.

The CHAIRMAN. What was the estimated expenditure in 1904?

Mr. HITCHCOCK. The Department estimated \$21,500,000. Congress appropriated \$21,750,000, and the expenditure was \$22,273,000.

The CHAIRMAN. For 1905?

Mr. HITCHCOCK. The Department estimated \$24,000,000, and Congress appropriated \$23,250,000, and the expenditure was \$22,743,000.

The CHAIRMAN. That is where the committee for the first time reduced the Department's estimate; and then last year the Department recommended \$23,750,000, and that amount was appropriated, and they will not expend that amount by approximately a half million dollars.

Mr. HITCHCOCK. That is what we estimated.

Mr. SNAPP. In 1905, when Congress reduced the estimate, there was a large surplus.

The CHAIRMAN. Yes.

Mr. MURDOCK. I would like to ask to what extent the establishment of postal stations in place of independent post-offices has gone on under this item? What is the extent of the establishment of postal stations?

Mr. HITCHCOCK. There were 648 stations established during the year, and of this number 18 took the place of post-offices that were discontinued.

Mr. MURDOCK. These are post-offices in big cities, these postal stations?

Mr. HITCHCOCK. Post-offices in the environs of large cities. It is the discontinuance of post-offices within 5 miles of large cities, in suburbs, in the small towns adjacent to cities, and the establishment of postal stations in their place.

Mr. GARDNER. That results in a saving of postmasters' salaries, because the salary is charged to some other item.

Mr. HITCHCOCK. Superintendents receive, as a rule, much less than the postmasters.

Mr. GARDNER. Whatever they receive is not charged to this item.

Mr. MURDOCK. A saving in this item, of course, does not increase any other item; it is not a saving to the service generally?

Mr. HITCHCOCK. Oh, yes; because the superintendent does not receive as large compensation as the postmaster.

Mr. MURDOCK. And they give just as good service?

Mr. HITCHCOCK. Yes; they ought to, because they are men trained in the service; they are civil-service appointees.

The CHAIRMAN. The discontinuance of a post-office in the suburbs of a large city would result in the appointment of a superintendent at a lower salary than the postmaster had received and continue the service to that particular community. And that would reduce the totals just the difference between the compensation of the postmaster and that paid the superintendent.

Mr. GARDNER. Without affecting the efficiency of the service.

Mr. HITCHCOCK. We favor the substitution of stations for small post-offices.

Mr. SNAPP. At what kind of a place would that occur—where would that happen?

Mr. HITCHCOCK. That would happen where there is a small post-office within 5 miles of a large city.

Mr. SNAPP. A fourth-class office?

Mr. HITCHCOCK. Where the population conditions are satisfactory. Generally a fourth class, but not always one. Ought to say generally, but usually a small office.

The CHAIRMAN. I think there is never a post-office of a higher grade than fourth class abolished and a station created.

Mr. HITCHCOCK. Oh, yes; some Presidential post-offices are abolished. In fact, some post-offices with city delivery are abolished and their delivery service consolidated with that of the larger city post-office.

Mr. SNAPP. Will you mention a case, so that I can understand under what circumstances it is done?

The CHAIRMAN. I can answer that from my own city. The town of Irvington is practically 7 miles from the center of Indianapolis, connected with street-car facilities, and with other suburban points about Indianapolis. The post-office at Irvington was abolished and the free delivery of the city extended over it and a station created.

Mr. HITCHCOCK. I recall one second-class office that we took in recently, Sharpsburg, Pa., a suburb of Pittsburg.

The CHAIRMAN. It is simply where the growth of a large city causes an extension over nearly the same territory that has formerly been covered by another post-office that it is better administration to cover them into the one general management, and the smaller office is discontinued and a station created. That station is a part of the central office.

Mr. GARDNER. Where a second-class post-office, as in this case, is discontinued and made a station, I understood you to state that the superintendent was a civil-service employee, trained in the service.

Mr. HITCHCOCK. Not always, because frequently the postmaster is made superintendent; but we don't always accept the postmaster. It depends upon his own record. Sometimes his term has expired in the Presidential office.

Mr. MURDOCK. He accepts the office at a lower salary?

Mr. HITCHCOCK. He is obliged to, of course, because we can not pay the same salary he received as postmaster. We are restricted by law.

Mr. GARDNER. Right on that point, what are the differences, in a brief way, in the duties of a station agent, or a superintendent, as you call him, and the postmaster whose office was abolished?

Mr. HITCHCOCK. Generally the superintendent of a station has the same duties as the postmaster had who preceded him; but of course he is brought under the authority of the city post-office to which his office is annexed, and has to make his reports to that postmaster and to follow his instructions. He is considered a part of the city system and is subordinated to it.

Mr. GARDNER. He is subordinated now to a large post-office, when he was before subordinated to the Department. But what are the differences in duties, or are there any?

Mr. HITCHCOCK. I should say in a general way that his duties would be the same; that is, he still has charge of the office. He has charge of the office, however, under the general supervision of the city postmaster.

Mr. SNAPP. Then, if I understand you right, there is no change when this occurs except in the matter of the reduction of compensation to the man who has charge of the office or station, if the duties performed are the same?

Mr. HITCHCOCK. I said that in a general way they are the same.

The CHAIRMAN. But there is some reduction of responsibility.

Mr. SNAPP. Are there, Mr. Chairman, cases where he has simply to report to the local postmaster instead of to the Department?

The CHAIRMAN. Well, I think in many instances the field of operations of that particular service is restricted, because in the extension the carriers' territories are divided up more conveniently, more systematically, and he probably has a less amount of work to perform than he had before.

Mr. SNAPP. I had an idea that his duties were very largely decreased under that new arrangement.

Mr. GARDNER. Take the suggestion of the chairman, that the carriers' districts are divided up more conveniently and more economically, do you mean to carry with that the suggestion that the postmaster at Indianapolis, say, is more competent of being postmaster of

a larger office and to do the work than this man who was replaced was to do his particular work?

The CHAIRMAN. A moment's reflection will clearly show you that where the larger city absorbs the smaller community that an extension of some of the carriers' districts already in operation will cover the whole field of that particular territory, and all of the carriers will emanate from the city central office and will not report to this station agent, although a few may; and it is in that way that we reduce the field of his work. It is not a question of competency, it is not a question of salary at all; it is an accommodation to the people, who are given an enlarged service by reason of the merging of the small community into the larger forces of the larger community.

Mr. GARDNER. But if the carriers of the city reach into a route which has heretofore belonged to a postmaster, then the routes of those carriers must be changed; that is to say, they can not simply extend without a change somewhere, else the routes had been too small before and the arrangement bad.

The CHAIRMAN. There is a constant changing of routes in larger cities.

Mr. GARDNER. I am not seeking controversy about the matter.

Mr. HITCHCOCK. I would like to say a word right here. Of course it would depend largely upon the nature of the annexation, as we call it. In some instances where a Presidential office with city delivery becomes a station, the delivery will be continued from the station; that is, the carriers will still go out from the station. Of course I had reference to such cases, for there the superintendent continues to have charge of the carriers. If with the annexation there is an entire reorganization of the carrier service and the carriers are all brought into the main office, then of course it will reduce the responsibility of that station superintendent and reduce his duties considerably.

Mr. GARDNER. What I was getting at, was whether the reduction in the postmaster's salary was not much more than offset by the carriers from the main office, the covering of more territory; that was all; whether there was a real saving, or only a saving of salary at one point, and an overplus in some other item.

Mr. HITCHCOCK. I would like to say in reply that if there are difficulties in sending the carriers out from the city post-office, we do not do that, but continue the carriers from the station. It is only where the change you have in mind is feasible that we make it.

The CHAIRMAN. Now, the next item that we will take up is that relative to the compensation of assistant postmasters. Your recommendation is simply the continuance of the current law.

Mr. HITCHCOCK. The same as last year; yes.

The CHAIRMAN. You think that will be ample to cover the several grades?

Mr. HITCHCOCK. Yes, sir.

Mr. GARDNER. Is there a surplus in that item this year in the current expenditures?

Mr. HITCHCOCK. There was on the 1st of January last. Our figures indicate a balance of \$133,000.

Mr. GARDNER. This item is based upon the supposition that there are going to be new Presidential postmasters under the law, and that is supposed to mean additional assistant postmasters, and also if they are to get the salaries that the law is supposed to give them.

Mr. HITCHCOCK. Of course this estimate is based upon the presumption that you will put in a clause like the one you put in last year.

Mr. SNAPP. What is the estimated surplus for the current year?

Mr. HITCHCOCK. One hundred and thirty-three thousand dollars.

The CHAIRMAN. Will you please tell what proportion of the assistant postmasters now receive compensation equal to 50 per cent of the compensation of their respective postmasters? The law provides that the compensation of the assistant postmaster may be 50 per cent of the postmaster, but in all cases it is not 50 per cent. I desire to know about how many there are receiving 50 per cent.

Mr. HITCHCOCK. We have submitted here a statement showing that, I think; at least I asked to have a statement prepared showing that very thing.

The CHAIRMAN. I have an estimate of my own, and I would like to see how near I may be correct. My understanding is that the law of 1905 provided for 1,654 assistant postmasters, and that the actual number of such assistant postmasters in the service on the 30th day of June, 1905, was 1,578; that the law for the fiscal year 1906 provides for 1,706 assistant postmasters, and the estimate for 1907 is for 1,802. Now, are those figures correct?

Mr. HITCHCOCK. I think that is correct.

The CHAIRMAN. What proportion of assistant postmasters now in the service are receiving an amount equal to 50 per cent of the compensation of their respective postmasters? Just give it to me approximately; I do not desire an accurate statement.

Mr. HITCHCOCK. There is a considerable number of assistant postmasters in the smaller offices that are not receiving the 50 per cent.

The CHAIRMAN. Those are mostly second-class offices, are they not?

Mr. HITCHCOCK. In the lower grades, I should say—particularly in the \$700, the \$800, and the \$900 grades.

The CHAIRMAN. Where an office has just ripened from a third-class to a second-class office, you do not give the full 50 per cent.

Mr. HITCHCOCK. It has been the practice of the office not to give the maximum. I inquired into the matter very carefully, and I found that the compensation these assistants were receiving in third-class offices was considerably below the maximum salaries allowable after the advancement of their offices; that is to say, they receive a reasonable promotion by giving them somewhat less than the maximum salaries allowable when their offices are moved up into the second-class.

The CHAIRMAN. In other words, when an officer ripens from third-class office into a second-class office, and becomes eligible for an assistant postmaster because of the increased number of clerks which may be assigned to the second-class office, you do not think it necessary to give the assistant postmaster the full maximum of 50 per cent.

Mr. HITCHCOCK. We can be fair to them without doing that, because of the much lower compensation they had been receiving before.

The CHAIRMAN. Your estimate of \$2,273,800 will, in your judgment, be ample to cover all the requirements of that service?

Mr. HITCHCOCK. It will, with the continuation of this policy.

Mr. SNAPP. The current law provides a total of 170 offices. What will be the actual increase, as you estimate, at the end of this fiscal year?

Mr. HITCHCOCK. It is a very difficult thing to estimate.

The CHAIRMAN. The estimate of the Department is for 1907, but because all of them will not become assistant postmasters on the first day of the fiscal year, but their compensation will be increased as the year progresses, you don't think it will require any more money; and that the \$2,123,800 would take care of the number. That is the reason that you can have a greater number at the end of the year and still provide for them with the same amount of money.

Mr. GRANDFIELD. No; the reason is that we must estimate for more than is required, because we will have to give the number in each grade, because of the segregation.

Mr. HITCHCOCK. Because of the segregation; the necessity of placing them according to grades.

The CHAIRMAN. You will not have, on the 1st of July, 1907, 1,802 assistant postmasters in the service.

Mr. GRANDFIELD. No; about 1,700.

The CHAIRMAN. That is true; and because you will have appointed assistant postmasters along during the year you will not need an amount which would be necessary, if they were all appointed on the first day of the fiscal year. Is not that the reason?

Mr. GRANDFIELD. No; they will all be appointed on the first of the year.

Mr. HITCHCOCK. They will be appointed on the first of the year. The difficulty is that we can not tell just what the compensation of the various assistant postmasters will be, and we have to have a surplus in each grade in order to meet that contingency.

Mr. STAFFORD. I notice that you have not made any alterations whatsoever in the number in each of the various classes of assistant postmasters different from the current law. I suppose that the fact that you did not do that is based upon your expectancy of obtaining a clause in which you desire to have a lump-sum appropriation allotted and to be used for the different classes.

Mr. HITCHCOCK. These estimates for the several classes do not represent by any means what we think will be the actual expenditures; but they represent in each case an estimate with a margin.

Mr. STAFFORD. Are these estimates as found here the maximum number in the respective classes that you estimate will be needed in the service?

Mr. SNAPP. What do you refer to, Mr. Stafford?

Mr. STAFFORD. I refer to the numbers in the respective grades of salaries of assistant postmasters, as found on page 7.

Mr. HITCHCOCK. Taking all of these classes together there could not possibly be the maximum number; that is the aggregate of all.

Mr. STAFFORD. I do not think that you understand me. I am asking whether the numbers in the respective segregated classes are the maximum that you estimate will be needed for the coming fiscal year in each respective grade.

Mr. HITCHCOCK. Taken together—the aggregate?

Mr. STAFFORD. Not the aggregate, the maximum number in each respective class. Will that be the maximum number that you estimate will be needed in those respective classes?

Mr. HITCHCOCK. I think I know exactly what you mean, Mr. Stafford. I think, generally speaking, I should answer yes; but I wanted to add, by way of explanation, that taking them altogether in the aggregate, we do not mean to say that the sum total of the several grades would represent the maximum expenditure—it is largely in excess of what we expect will be the maximum expenditure.

Mr. STAFFORD. Let me ask your understanding and your construction, if we add the clause giving you authority to spend in excess the aggregate amount asked for, whether such a construction would give you, for instance, the right in the first clause, which provides two at \$3,500 each, and you found that three assistant postmasters who, under your construction of the law, should receive such salary, to pay three at the salary of \$3,500 each?

Mr. HITCHCOCK. There would be no authority for doing that.

Mr. STAFFORD. Then what need is there for this suggestion that you ask to have incorporated in the substance of law vesting you with authority not to spend a greater aggregate amount than the total estimated amount?

Mr. HITCHCOCK. Well, the point is just this: We make an estimate, for instance, for a total aggregate salary amount of \$28,000 in the lowest grade, the \$700 grade. We feel that we ought to put it up to that amount, because we do not know exactly what will be the distribution of the salaries of assistant postmasters in respect to the various grades. It is possible that there will be a larger number relatively of assistant postmasters at \$700 than there will be, for instance, of assistant postmasters at \$800—

Mr. STAFFORD. But there will be in no case in excess of the number in these various respective grades as here segregated.

Mr. HITCHCOCK. Not according to our estimate.

Mr. STAFFORD. Then what is the necessity for the suggested amendment that you propose?

Mr. HITCHCOCK. We know, of course, that the total here will not be required.

Mr. GRIGGS. That is what you say in here. It is not understandable.

Mr. STAFFORD. We can not appropriate any more than the amount provided in the respective classes.

Mr. GRANDFIELD. You are appropriating \$100,000 less.

The CHAIRMAN. No; we can not. We are appropriating the same amount.

Mr. GRANDFIELD. The total in the several grades aggregates less.

The CHAIRMAN. The wording in the estimate of the bill is in exact terms of the law in the current appropriations bill, and each one of these several separate classes indicate the total number of assistant postmasters in that particular class.

Mr. HITCHCOCK. If you don't put in that clause you will have to show on your record a larger appropriation.

The CHAIRMAN. Do you not mean this, Mr. Hitchcock, that if the law reads, "47 at \$300, and 105 at \$1,600," and so forth, that those would be the maximum number at those grades?

Mr. HITCHCOCK. That is exactly what we mean.

The CHAIRMAN. And that you could appoint a fewer number in the lower grades, and leave you more money to be used in the appointment of more in the higher grades?

Mr. HITCHCOCK. Yes; precisely.

The CHAIRMAN. And by stating the maximum number of each grade and the maximum amount of money, and providing that not more than that amount of money shall be used in the year, it would give you a certain leeway in the shifting amount from one class to another.

Mr. HITCHCOCK. That is it, exactly.

Mr. SNAPP. Would that not also enable the Department to add one more at the class of \$3,500 by deducting a sufficient number and amount from the other classes?

The CHAIRMAN. You mean that they would not appoint anybody at \$3,500, and use that money to distribute.

Mr. SNAPP. No; under this clause it would enable the Department, as I construe it, to increase the number in the \$3,500 class by proper reductions.

Mr. GRIGGS. I thought Mr. Hitchcock agreed with the chairman that it would give him leeway to shift assistant postmasters from one class to another.

The CHAIRMAN. Not to shift the individual, but the amount of money.

Mr. GRIGGS. That he might appoint more in the \$700 grade and less in the \$800 grade.

The CHAIRMAN. Or vice versa.

Mr. HITCHCOCK. I am sorry I have not been able to make that plain, but I understand it, I think, clearly.

Mr. STAFFORD. Do I understand you now, that you would be given authority to appoint more of any grade than we provide for if we adopt that amendment?

Mr. HITCHCOCK. No; certainly not. Only the maximum appropriated for in each grade.

Mr. STAFFORD. If that is not your construction, then if the committee merely totals up these individual amounts there will be no need for this provision that you now request.

Mr. HITCHCOCK. We don't object to that at all if you wish to do it, but if you do that you will have to make an appropriation of \$2,250,000, whereas by putting in this clause you can limit the appropriation to a total of \$2,123,800.

Mr. GRIGGS. As I understand you, while you ask for the different grades of assistant postmasters and the numbers in the different grades all down the line, you ask in each instance more than you need. You do not know, however, in each particular instance, in some classes but that you will need less than you ask for?

Mr. HITCHCOCK. Undoubtedly.

Mr. GRIGGS. Therefore you ask for this provision in order that you may be able to appoint less in each division, as you see fit.

Mr. HITCHCOCK. Precisely. We think it is only fair to put this provision in; but, so far as we are concerned, if you wish to make the appropriation the other way the operation will be just the same, but on your record there will be a larger appropriation for that item.

Mr. STAFFORD. But in no case would there be a greater number appointed than here provided for.

Mr. HITCHCOCK. There could not be under the law; we are absolutely restricted.

Mr. STAFFORD. Have you ever given any consideration to the feasibility of postponing for one year the changed payment to assistants, so as to defer the new salaries until you can definitely determine the number in each respective class? My reason for that question is this, that this is mere guesswork on your part.

Mr. HITCHCOCK. In order to do that you would have to change the law.

The CHAIRMAN. As to the time of an office ripening.

Mr. STAFFORD. It is merely optional in the Department whether they give the full maximum of 50 per cent?

The CHAIRMAN. I am speaking about the time when one office ripens into another.

Mr. STAFFORD. Whether you should anticipate the number or provide for it after it has been already determined?

Mr. HITCHCOCK. You are referring solely to the question of assistant postmasters?

Mr. STAFFORD. Solely.

Mr. HITCHCOCK. That depends upon the salary of the postmaster.

Mr. STAFFORD. It is optional with the Department whether they shall receive the 50 per cent or not?

Mr. HITCHCOCK. It is not an optional matter.

Mr. STAFFORD. The percentage is merely optional.

Mr. HITCHCOCK. It is optional with the Department, because of the wording of the law, whether we give them the maximum—that is, 50 per cent of the salary of the postmaster. It is optional only to that extent.

Mr. STAFFORD. What harm would be done if we postponed giving them that until it was determined that they were entitled to it?

Mr. GARDNER. The man would lose the money.

Mr. FINLEY. Wouldn't it result in this, that you would have a second-class office equipped with third-class officers?

Mr. HITCHCOCK. It would undoubtedly result in that if we were to postpone it a year.

Mr. STAFFORD. Not so far as those offices already established and having assistant postmasters are concerned.

Mr. HITCHCOCK. Well, you know it is in the lower offices that we do not allow the maximum. In the higher offices we generally allow the maximum.

Mr. STAFFORD. I mean in the higher offices.

Mr. HITCHCOCK. In fact, there is a feeling that the assistant postmasters ought to be allowed even more in the larger offices. We almost invariably allow the assistant postmaster the maximum in these highest offices—the largest offices.

Mr. STAFFORD. Have you the number now receiving salaries in the respective classes, \$700, \$800, and \$900?

Mr. HITCHCOCK. I thought I had a statement here showing that, because I asked that such a statement be prepared; but we have not been able to find it among our papers. I will transmit such a statement to the committee.

Mr. FINLEY. I hope you will transmit that, and show how these grades are arranged.

The CHAIRMAN. I can answer that as to the 30th day of June, 1905, but not as to the present time.

Mr. STAFFORD. We should have the number at the present time.

The CHAIRMAN. That is what this statement is—the number of assistant postmasters in first and second class offices on the 30th day of June, 1905.

Mr. GRIGGS. All who get 50 per cent of the salaries of postmasters?

The CHAIRMAN. I will read the number in the respective grades: \$700 grade, 20; \$800 grade, 25; \$900 grade, 20; \$1,000 grade, 286; \$1,100 grade, 342; \$1,200 grade, 298; \$1,300 grade, 62; \$1,400 grade, 90; \$1,500 grade, 89; \$1,600 grade, 92; \$1,700 grade, 40; \$1,800 grade, 15; \$1,900 grade, 8; \$2,000 grade, 4; \$2,500 grade, 5; \$3,000 grade, 20; \$3,500 grade, 2; making a total of 1,218.

Mr. SNAPP. Would it not appear from that that there has been a little increase in the salaries of assistant postmasters?

The CHAIRMAN. This would not show the actual increase, because I have not the comparative statement with former years. I understand that in the \$1,100 grade the law authorizes 340 and there are 342.

Mr. FINLEY. Is not that two more than the segregation in the last appropriation bill?

Mr. GRIGGS. Two more than the current law.

The CHAIRMAN. The law authorizes 340 at \$1,100, and there are employed 342 on last June. How do you regulate that, Mr. Hitchcock?

Mr. GRANDFIELD. You are comparing the figures of June 30 with the number at the present time. There has been a readjustment of postmasters' salaries since then.

The CHAIRMAN. No; I am comparing a number employed in the various grades on the 30th day of June, 1905—

Mr. FINLEY. What we want is the number employed now.

Mr. HITCHCOCK. We will send you a statement showing that.

Mr. GRIGGS. Have you a fewer number in that particular grade?

Mr. HITCHCOCK. I think that the grades beginning with the \$1,200 grade and going upward—that the maximum is pretty generally allowed. I think it is in the grades under that that we do not allow the maximum.

Mr. SNAPP. I understand that in the estimate for 1907 there is an increase of two in the \$3,000 class. At what post-offices is that likely to occur? That would mean, of course, that that post-office salary is going to the \$6,000 class. Where can that occur?

Mr. HITCHCOCK. I am not sure, but I think Atlanta and Columbus are the cities. We will let you know definitely about that.

Mr. SNAPP. I was only curious how there could be two to that class in one year.

The CHAIRMAN. I wish to ask Mr. Grandfield a question in connection with the answer he made me a moment ago. As I understand it, the current law authorizes the employment of 340 assistant postmasters at the salary of \$1,100, and that there were employed on the 30th day of June, 1905, one day before the current law went into force, 342. Do you wish to have the records show that there has been a reduction of two at that compensation in that grade?

Mr. GRANDFIELD. Yes; the \$1,100 grade would be for an assistant postmaster at an office where the salary of the postmaster is \$2,200 or \$2,300.

The CHAIRMAN. Have you reduced two assistant postmasters?

Mr. GRANFIELD. On the contrary, we have promoted two assistant postmasters out of that grade into a higher grade.

Mr. FINLEY. That would settle the question according to law.

Mr. GARDNER. The point is that the chairman read from the appropriation bill of 1906, not for 1905. On the 30th day of June, 1905, there were a given number of assistant postmasters in the service. Judge Griggs called attention to the fact that there was a greater number than provided in the law. It was then explained that we were reading from the current law, while the figures were given from the previous year. Now, the amount in the current law provides for a less number than was employed at that salary heretofore. Is that the fact?

The CHAIRMAN. Because they have ripened into the different grades. They have been promoted into the higher grades and a less number provided in that grade.

Mr. GRANDFIELD. Some of the post-offices in the \$2,300 grade were advanced to \$2,400.

Mr. SNAPP. Without any advance in the salary of the postmasters?

Mr. GARDNER. That must have been anticipated if the number was reduced under the current law.

Mr. FINLEY. Will not the number in the \$1,100 class increase proportionately as they did last year, and you were not following the same rule to have about the same number who should go into that class? That would be 342 or more.

Mr. GRIGGS. Will you please refer to that list and give me the number of assistant postmasters in the \$1,300 grade, Mr. Chairman?

The CHAIRMAN. On June 30 last the number was 162.

Mr. GRIGGS. Now, then, the current law provides for 210. Now, what was the \$1,200 grade?

The CHAIRMAN. Two hundred and ninety-eight employed.

Mr. GRIGGS. That is fewer still. Now, the \$1,100 grade?

The CHAIRMAN. Three hundred and forty-two.

Mr. GRIGGS. That is two more.

The CHAIRMAN. Those two there, Mr. Grandfield says, were promoted into the higher grade. The next grade would be the \$1,200 grade, and there are 298. That is fewer than the amount authorized; but I don't know as to whether it was fewer than were actually employed. At all events, while there may be some complications about this law, it seems to have been operating pretty fairly, this method of segregation, has it not?

Mr. HITCHCOCK. Yes, sir.

Mr. GRIGGS. Does that table, Mr. Chairman, show the number of assistant postmasters actually employed under the current law?

The CHAIRMAN. No; the current law shows those authorized.

Mr. SNAPP. Can you furnish the committee, Mr. Hitchcock, with a list showing the number of assistant postmasters whose salaries have been increased without a corresponding increase in the salaries of postmasters?

Mr. STAFFORD. As I understand it, there is no such case.

Mr. GRANDFIELD. There might be if the assistant postmaster was receiving less than 50 per cent of the postmaster's salary on June 30 last.

Mr. HITCHCOCK. We are moving some of them up to the maximum.

Mr. STAFFORD. There were a number of changes in the compensation of assistant postmasters made under the current law, was there not?

Mr. HITCHCOCK. Yes, sir.

Mr. STAFFORD. Were those changes made to become effective on the 1st of July last? Have there been any changes since the 1st of July last?

Mr. GRANDFIELD. Well, possibly.

Mr. STAFFORD. Could you furnish the committee with a statement comparing the number of assistant postmasters on the 30th day of June, 1905, at the respective grades, and in a parallel column those employed under the current law for the last date that your data would bring it to?

Mr. GRANDFIELD. There were 100 assistant postmasters entitled to advance on July 1.

Mr. STAFFORD. Could you give us a table showing the number employed in the respective grades on the 30th of June, and then those employed in the same grade up to date or any arbitrary date you may fix, under the current law? Then we would have the comparative statement in numbers and grades that would show exactly the advancement.

Mr. GRIGGS. It seems to me the height of inconsistency for the committee to show by segregation the necessity for an appropriation of \$2,230,000 and then to insert a clause at the conclusion providing that the Postmaster-General shall not expend over \$2,123,000.

The CHAIRMAN. My understanding is that Mr. Hitchcock does not recommend that, but he recommends the segregation just in the same language of the current law, and then adds an appropriation for \$2,123,000.

Mr. GRIGGS. But his table shows \$2,250,000.

Mr. SNAPP. What I wanted was, Mr. Chairman, a statement showing the increases of salaries of the different postmasters, if any, at offices where the salary of the postmaster has not been increased by operation of law.

Mr. GRIGGS. Take that table. The current law provides for \$2,123,800. Your estimate provides for an aggregate appropriation of \$2,250,100. Then your clause suggested provides that the appointment and assignment of assistant postmasters shall be so made as not to involve a greater expenditure than the appropriation for last year. Why should we make a larger appropriation for next year and provide that it shall not be used?

The CHAIRMAN. Mr. Hitchcock is not asking for a larger appropriation. He recommends an appropriation for assistant postmasters for next year of \$2,123,800, segregated as appears on page 7 of this bill, this clause to which he has referred. Then the two sums are consistent.

Mr. GRIGGS. He inserts a table.

The CHAIRMAN. He does not insert it in the law.

Mr. GRIGGS. Not in the law, but the table is inserted for our information, and that he needs a grading with a segregation and an appropriation of \$2,250,100, as shown on page 8.

The CHAIRMAN. Pardon me, but I will call your attention to the same difficulty obtaining with reference to the first and second class offices, where the table always shows a larger amount than the appro-

priation, and that amount is accompanied by this same clause. The explanation is that they are not all employed on the first day of the fiscal year, and hence not needed.

Mr. GRIGGS. That is an estimate.

The CHAIRMAN. As shown by Mr. Stafford a while ago, if we segregated these assistant postmasters in the law and appropriated a fixed sum there is no necessity for the clause.

Mr. GRIGGS. Why, certainly there is none; that is my position. I am simply trying to get at some reason for the other.

Mr. FINLEY. Will you please tell me, Mr. Hitchcock, in which one of these classes does the assistant postmaster get the 50 per cent of salary of the postmaster?

Mr. HITCHCOCK. I stated a few minutes ago that I think beginning with the \$1,200 grade.

Mr. FINLEY. Will you please put that in your table that you prepare? I would like to have that information.

Mr. HITCHCOCK. Beginning with the \$1,200 grade and upward; my impression is that we allow the maximum from there.

Mr. GRIGGS. But then, what percentage of the salary of the postmaster do the other assistant postmasters receive?

Mr. HITCHCOCK. Do you wish a statement showing the percentage of the others?

Mr. GRIGGS. Those receiving less than 50 per cent and the amount less than 50 per cent.

Mr. HITCHCOCK. It is in the lower grades only, particularly in the grades below \$1,000, that we fail to allow the maximum.

Mr. FINLEY. In regard to those who do not receive the 50 per cent, do you not find it a difficult matter to formulate a rule that will govern all cases, taking an office, say, whose postmaster gets a salary of \$2,000, a rule to give to each assistant postmaster the same salary, or do you do that?

Mr. HITCHCOCK. We endeavor to do that.

Mr. FINLEY. But, as a matter of fact, do you do that?

Mr. HITCHCOCK. That is, we endeavor not to discriminate.

Mr. FINLEY. I understand. Do other considerations not enter into your calculations as to what compensation you could give the postmaster for a post-office, we will say, that has ripened into a second class—say the receipts are \$8,800 a year, or something like that?

Mr. HITCHCOCK. There is always this factor, of course, the actual volume of business.

Mr. FINLEY. Is it possible in all cases where, we will say, a third-class office has ripened into a second-class office, and the receipts of the office are, say, \$8,800—

Mr. HITCHCOCK. A third-class office may have ripened into a second-class office with a considerable margin, or it may have just gone over the line. In the latter case the volume of business is smaller than if it had gone into the class with a considerable margin. These two cases represent, of course, different conditions of business. In one case there is a larger volume of business than in the other, and that condition ought to be taken into account in adjusting the assistant postmaster's salary.

Mr. FINLEY. But would you give to each office that ripened into a second class, with a volume of business of, say, \$8,800—would you give the assistant postmaster at all such offices the same salary?

Mr. HITCHCOCK. We would endeavor to.

Mr. FINLEY. I am sure of that; but I am asking now as a matter of administration. Do you find it practical to do that?

Mr. GRIGGS. They do not; I can tell you that.

Mr. FINLEY. I am trying to get at the facts.

Mr. HITCHCOCK. Of course, we do not know how many there will be in advance.

Mr. FINLEY. I know, when you come to that, as a matter of practice, your course of action; but do you give the assistant postmaster, where the office ripens into another class, with the same volume of business, the same compensation?

Mr. HITCHCOCK. We endeavor to do that. That is the only fair way to handle the matter.

Mr. FINLEY. I am sure of that; but what I was trying to get at was, are there any instances where it is impossible?

Mr. HEDGE. All of the second-class offices are not of the same size and do not do the same amount of business.

Mr. HITCHCOCK. I have just made that point.

Mr. FINLEY. I want to know whether all third-class offices that ripen into second-class offices with the same volume of business, whether you in all such cases give the assistant postmaster the same salary?

Mr. HITCHCOCK. So far as we can gauge the number of such offices ripening, as you describe it, we endeavor to do that, because that would seem to be the only fair way to allot the appropriation.

Mr. FINLEY. I was under the impression that conditions sometimes made it unnecessary as a matter of administration to make a difference.

Mr. HITCHCOCK. If there are peculiar conditions of that kind, and we know about them, of course we will consider them.

Mr. FINLEY. Whether or not you have an ironclad rule that covers each case?

Mr. HITCHCOCK. Naturally we try to administer this appropriation with judgment, so far as we know the facts.

Mr. FINLEY. Then you have no ironclad rule?

Mr. HITCHCOCK. Oh, no; there is no ironclad rule; nothing more than the limit that is placed in this tabulation that you have seen.

Mr. GRIGGS. Say that two post-offices ripen at the same time. One ripens largely—that is, it has a surplus of business above the class into which it goes—while the other barely gets in. Now, you do try not to give the assistant postmaster in that office which barely ripens the same salary as you do the assistant postmaster of the office which ripened largely, and whose duties have been greatly increased?

Mr. HITCHCOCK. We are naturally inclined to do what you suggest.

Mr. FINLEY. As to the merits of this appropriation, do you think that the segregation as made here, giving to certain postmasters less than 50 per cent of the postmaster's salary, that the compensation is ample and sufficient as a general proposition?

Mr. HITCHCOCK. Yes; we do. Of course, if we did not think so we would not have submitted the estimate in that form. The reason was given at the opening of the hearing on this appropriation—we find that generally the assistant postmasters who have been serving under the third-class postmasters are appointed assistants when the offices

go into the second class. As a rule we can increase their salaries quite a little without giving them the maximum. That is, they receive under the method a fair increase in compensation without obtaining the maximum at the outset.

The CHAIRMAN. We will now pass to the next item, which covers the compensation of clerks in first and second class post-offices. I wish to ask a few general questions before submitting the matter to the committee. Mr. Hitchcock, will you inform the committee whether or not there are employed in any first-class post-office any clerks whose work is different from that for which he is designated? Or are all the clerks performing work of the particular class to which they are designated?

Mr. HITCHCOCK. I would like to ask, Mr. Chairman, does your question go to the matter of civil-service requirements?

The CHAIRMAN. Not at all. I am going into the matter of this particular law; whether, for example, any individual in any first or second class post-office, appointed as a distributing clerk and doing the work of a cashier, or appointed as a bookkeeper and doing the work of an assistant superintendent of delivery. In other words, are all the clerks performing work for which they are appointed? For your information I will state that this particular classification of clerks was made to defeat the practice in some offices of having employees performing service different than that of the particular position to which they had been appointed, and I wish to inquire if there are any cases now in the service where the clerks are performing work different than the work which they had been designated for?

Mr. HITCHCOCK. So far as I know, Mr. Chairman, there are no cases of that kind that have the approval of the Department. We administer this appropriation strictly—that is, we endeavor to apply it in strict accordance with the intent of the legislation. As you know, the distribution of clerks in post-offices is a matter that is under the direct jurisdiction of postmasters, and I could not attempt to say whether or not at present any postmasters have failed to carry out the purpose of the law. I don't know as to that. But I can say to you very frankly that, so far as we are concerned in my bureau, we do not tolerate that sort of thing.

The CHAIRMAN. Do I understand you that in the administration of the service it is possible for a man designated as superintendent of delivery to be permitted to perform the service of a cashier?

Mr. HITCHCOCK. Well, I have never understood it in that way. I have assumed that when Congress appropriated for so many superintendents of delivery it was appropriating for so many employees to do that service.

The CHAIRMAN. For your information—you were not in this Bureau at the time of this classification—I will state that there were many instances where employees had a particular designation that were performing service entirely foreign to that designation; and this classification was, after considerable trouble, agreed upon, with the understanding that all of these practices would be discontinued. I wondered if the Department had followed that carefully enough to be able to say whether or not there were any exceptions there now. I suppose Mr. Grandfield would be better able to answer that question.

Mr. GRANDFIELD. So far as I know, there are no exceptions. We have not had a report from the inspectors——

Mr. HEDGE. Is it the duty of inspectors to report such things?

Mr. HITCHCOCK. As I understand it, that is in violation of the civil-service requirements, and naturally the Department ought not to overlook anything of that kind if it exists.

The CHAIRMAN. As Mr. Grandfield will recall, when this classification was put into effect originally there were many such instances, and whether they have paid any attention to it I did not know.

Mr. GARDNER. I have an instance in mind, Mr. Chairman, where the civil-service regulations did prohibit a man as finance clerk in a post-office from doing further duty of forwarding letters on the report of an inspector.

The CHAIRMAN. At all events, so far as you know, and you have taken pains to inquire, I presume, the various clerks in the various first and second class offices are now performing the duties for which they are designated and receiving the pay for that class of work which they are performing?

Mr. HITCHCOCK. We would certainly expect our postmasters and other representatives of the Department to report any irregularity of that kind if they knew them to exist.

Mr. SNAPP. Do I understand that that is to prevent a postmaster who had a cashier from calling upon him in an emergency or rush of business to perform some other duties about the office?

The CHAIRMAN. I don't know as it would have reference to that, where there is an emergency case. But it was certainly expected that this classification would prevent a man being appointed to the position of auditor and performing the service of an assistant superintendent of money orders, for example; or to receive the pay of an assistant cashier and perform the service of a lower grade of work.

Mr. HITCHCOCK. It is generally understood, of course, that in cases of emergency, as in the holiday season, for instance, that employees of a post-office can be called upon to assist in any line of work. I am referring only to the general practice.

Mr. SNAPP. Supposing there was a cashier in an office not utilizing all his time in that particular work. In order to economize the postmaster might use him in some other branch of the office. Do you not think he should be allowed to do that?

Mr. HITCHCOCK. Certainly. That would be good business.

Mr. GRIGGS. This was to prevent an indirect method of promotion—paying higher salaries for lower grade work.

Mr. HITCHCOCK. I would like to state, Mr. Chairman, that some months ago, as you recall, the President issued an Executive order, on the recommendation of the Civil Service Commission, classifying cashiers and finance clerks in our post-offices, with a proviso that the incumbents who were holding these positions should not be brought into the classified service except on the recommendation of the Postmaster-General. In order to comply with the plain intent of that order we made a general inquiry all over the United States at post-offices where there were finance clerks and cashiers to ascertain if those finance clerks and cashiers were actually performing their duties and also to ascertain if they were competent to perform their duties. I think the reports showed that there were very few cases

where finance clerks and cashiers were not actually performing the duties of their positions.

Mr. SNAPP. Were they all covered into the civil service?

Mr. HITCHCOCK. No, sir; they were not all covered in, because there were some reported upon unfavorably, and they are simply holding the positions without the classification applying to them. The actual covering-in of these employees has not been accomplished yet.

Mr. GRIGGS. Who makes the report?

Mr. HITCHCOCK. The postmaster primarily, but if there is any question about his report we get additional information through our inspectors.

Mr. GRIGGS. You had better first inquire into the record of the postmaster before you get his recommendation and before putting somebody in the civil service.

Mr. HITCHCOCK. Well, of course, we have his record in the Department, and we also have the records of these employees; but we get a formal recommendation from the postmaster. I did not mean to say that we base our action entirely upon the postmaster's report, because we do not. We take up each case very carefully.

Mr. GRIGGS. I know that most of the postmasters in the South have a member of their family in their office.

Mr. HITCHCOCK. This is not always shown on our record.

Mr. MURDOCK. Suppose I place a man who is a civil-service employee, we will say, at the general delivery, and a finance clerk who is not under the civil service yet is ordered by the postmaster to help the general delivery clerk out; would the civil service permit that sort of a thing? Will the civil service, in other words, permit a man in the civil service to do work belonging to a regular employee who is not classified?

Mr. HITCHCOCK. It is pretty hard for me to answer for the Civil Service Commission, but I should say if that cashier or finance clerk had performed satisfactorily his own duties it would be entirely proper to employ him at anything else where it was desirable to utilize his services. But, first of all, I think the Commission would insist upon his doing his own work, and I do not think they would otherwise approve of his being assigned to any other service.

Mr. SNAPP. That was my question a moment ago—whether an employee like a cashier, say, performing his own service, would be allowed to work in any other place in the office in case his services were needed, and whether there is anything to prevent the postmaster from doing that.

Mr. HITCHCOCK. Not that I am aware of. I think that would be the proper thing to do.

The CHAIRMAN. In the various classes of compensation to clerks in the first and second class offices, where you have recommended increases, are those increases based upon the certain officers requiring these high-grade clerks, as superintendent of delivery, etc., or for purposes of promotion? Take for example page 9 of the bill. That is the first instance of increase in the class "Superintendent of delivery and superintendent of mail." There are now authorized 17, at not exceeding \$2,700 each. You ask for an increase of 3. Are there 3 offices that require those appointments?

Mr. HITCHCOCK. I would like to make a statement upon that question right at this point. I see that this bill represents the distribution of increases and promotions as given in the original estimate, and I want to apologize to the committee for asking an entire revision of this estimate. I have given the subject very careful consideration, and I have come to a somewhat different conclusion about the promotions. These estimates were prepared, as you know, sometime ago, when I was not so familiar with the matter as I am now, and after fuller consideration I feel that I would prefer to revise them.

The CHAIRMAN. Will you just indicate what you want done?

Mr. HITCHCOCK. I will read what I would like to substitute. I would like to state, first, the purpose of this revision. I have come to the conclusion that it would be wiser to throw the promotions of clerks into the lower grades. I think that it is in the lower grades that promotions are most needed. I will begin at the lower classes.

The CHAIRMAN. The committee will turn to page 16 of the bill, and they will see a table which will enable them to follow it more rapidly than the wording of the bill. That table is made up from your reports of estimate?

Mr. HITCHCOCK. And that is the table I now wish to revise. Beginning with the lowest—that is, with the \$600 grade—I wish to make a suggestion about the still lower grades quite independently of all this. I will begin with the \$600 grade, and the revision is as follows: "Provide for the promotion of 50 per cent from the \$600 grade to the \$700 grade, instead of 40 per cent."

Mr. GRIGGS. You add in percentages and not in figures?

The CHAIRMAN. You may make your statement in your own way, and we will make the corrections.

Mr. HITCHCOCK. The total number of promotions would be 2,121 instead of 1,697. Then, 40 per cent from the \$700 grade to the \$800 grade instead of 25 per cent; that is to say, 1,662 promotions instead of 1,039. Twenty per cent from the \$800 grade to the \$900 grade instead of 15 per cent; that is to say, 857 instead of 636. Five per cent from the \$900 grade to the \$1,000 grade instead of 10 per cent; that is to say, 139 instead of 279. Five per cent from the \$1,000 to the \$1,100 grade instead of 10 per cent; that is to say, 137 instead of 275. Five per cent from the \$1,100 grade to the \$1,200 grade instead of 10 per cent; that is to say, 84 instead of 167.

Now, beyond that we do not recommend any promotions.

The CHAIRMAN. Have you the total number of promotions and the aggregate sum that it would make?

Mr. HITCHCOCK. It would make altogether 5,780 promotions, or \$578,000 in aggregate amount.

Now, to explain the change in the still lower grades—that is, in the grades below \$600. I offer as a substitute for our original estimate the recommendation that instead of appropriating for a specific number of clerks in charge of numbered stations in the one, two, and three hundred dollar grades, a lump sum for clerks in charge be allowed, with the proviso that salaries are not to exceed \$300. The lump sum would be \$490,000.

The CHAIRMAN. That is an increase of \$10,000 over your old estimate.

Mr. HITCHCOCK. I can give you the number for each grade in the first three grades, the only grades that would come in under this revised plan. In the lowest grade, the \$100 grade, there are 1,600.

The CHAIRMAN. That is what is employed now, or would be.

Mr. HITCHCOCK. No; that is an increase of 100 clerks over what is employed now in the first grade. I did not read the increase in those three grades, but I will give it to you now. Sixteen hundred in all, an increase of 100. In the \$200 grade, 900 in all, an increase of 100. In the \$300 grade, 500 in all, an increase of 100.

The CHAIRMAN. What advantage is there in doing away with the segregation of those first three grades and merging them into one item if you are making the designations practically the same?

Mr. HITCHCOCK. From our point of view it is desirable as permitting an easier handling of the appropriation by the Department.

The CHAIRMAN. Your recommendation is to merge the first, second, and third grades into one item of \$490,000; but you segregate that yourself into 1,600 in the first grade, 900 in the second grade, and 500 in the third grade. If you should segregate those three just exactly, would that make that any more difficult to administer?

Mr. HITCHCOCK. Yes.

The CHAIRMAN. Why?

Mr. HITCHCOCK. Because we would be limited to that number in each of those grades, whereas we feel that it would be much better from an administrative point of view to allow the Department to exercise its judgment in fixing the salaries.

The CHAIRMAN. That is getting back to the old contest between Congress and the Departments as to whether or not Congress will simply appropriate a lump sum and let the Department spend it according to the Department's judgment, or whether these appropriations shall be segregated into items.

Mr. HITCHCOCK. But it is a rather peculiar item, and I believe it would be better administration to permit it to be handled in that way.

The CHAIRMAN. If that were merged, Mr. Hitchcock, would it probably result in an increased number of higher class clerks or would it result in an increased number in the lower grades?

Mr. HITCHCOCK. Under my administration I think there would be an increased number in the lower grades.

The CHAIRMAN. Then, if we should increase the number and maintain the language, would you not be able to administer the Department according to what your judgment now dictates? Suppose your judgment recommends 1,500 men in the \$600 grade, and we make it 1,500?

Mr. HITCHCOCK. At the same time I feel that I desire to study this matter a little further, and I am not prepared to discriminate between these grades at the present time. But my judgment is that we could get men to take most of these stations at a lower salary.

Mr. SNAPP. Would you do it if the appropriation was less?

Mr. HITCHCOCK. We would be obliged to then.

Mr. SNAPP. Then if we segregate them into classes as they have been, and decrease the number in the \$300 grade, it would force you to economize?

Mr. HITCHCOCK. It is simply that I do not feel like taking the responsibility as yet. It is my judgment that we could have more numbered stations at lower salaries than at present. It can be ar-

ranged when new stations are established. The clerks in charge of these numbered stations in so many cases are cashiers in drug stores or performing other duties. As a matter of fact there is a pretty general demand for numbered stations in drug stores or other places of business; it is an asset in the business.

Mr. SNAPP. Where \$100 a year is sufficient?

Mr. HITCHCOCK. Yes. They will, of course, apply for as much salary as they think they can get; but in many cases they are glad to conduct a numbered station; it generally means additional business, for people to go into the store to avail themselves of the postal facilities, and that brings more patronage to the store.

Mr. SNAPP. Isn't it only in exceptional cases where they do sufficient business to justify more than \$200 a year?

Mr. HITCHCOCK. There are a good many cases where I think \$300 will be entirely proper; in fact, there are numbered stations where we pay as high as \$900 at present.

Mr. SNAPP. Those would not be drug-store stations, would they?

Mr. HITCHCOCK. Yes; I think there are cases in New York City where we pay as high as \$900 a year in drug stores. But you understand we are not cutting out those clerks. But I think if this appropriation is administered in a businesslike way we can establish new numbered stations in such a manner as to give the necessary service without paying such large salaries to the clerks.

Mr. GARDNER. These \$900 station clerks designated here are post-office clerks?

Mr. HITCHCOCK. They are included in these other items. If you will read the item through, you will see that it gives all of the various designations, including clerks in charge.

The CHAIRMAN. And clerks in charge run up to a thousand dollars a year?

Mr. HITCHCOCK. Yes.

Mr. MURDOCK. I would like to ask, Mr. Hitchcock, why it is more difficult to administer under segregation the first three grades than it is the upper grades?

Mr. HITCHCOCK. Simply because it is a question of numbered stations; that is all. If we want to place a numbered station in a given store, we have to get the consent of the proprietor, say, of a drug store. Suppose we go to him and say we will allow a clerk at \$100 a year to take this office. He might reply that he will not allow his clerk to be interrupted as much as would be necessary for that additional compensation.

Mr. MURDOCK. That is an added element.

Mr. HITCHCOCK. That is why, in this item, the Department could administer the appropriation in a more businesslike manner than when we have a specified number of clerks in each grade. It is because we often have to negotiate with proprietors of business places in order to get these numbered stations established. Of course we will endeavor to administer that lump sum with economy, so far as we can.

The CHAIRMAN. Have you any clerks in charge of stations at a less compensation than \$100 a year?

Mr. HITCHCOCK. I think there are some at \$50.

The CHAIRMAN. Do you know how many?

Mr. HITCHCOCK. There were 47 on the 30th of June last at \$50 each.

The CHAIRMAN. Have you any between \$50 and \$100?

Mr. HITCHCOCK. No, sir.

The CHAIRMAN. Then all of the others are employed at a hundred dollars each?

Mr. HITCHCOCK. No.; there are cases where we pay \$1; and one at \$4.

Mr. SNAPP. Where do they appear in this bill?

Mr. HITCHCOCK. The \$50 clerks?

The CHAIRMAN. On page 15, "Clerks in charge of stations at a rate of compensation not to exceed \$100 each." That was put in there for the accommodation of the city of Chicago, at places in the residential part of the city where they wanted opportunities to purchase stamps. I wondered what the result had been.

What do you recommend, if anything, with reference to the five and six hundred dollar grades different from what it is here?

Mr. HITCHCOCK. I would recommend 60 per cent from \$400 to \$500, which would make a total of 300.

Mr. GRANDFIELD. That is the number of clerks affected.

Mr. HITCHCOCK. And 60 per cent from \$500 to \$600. That would make a total of 480.

The CHAIRMAN. What recommendation have you, for the first grade? Simply for new clerks irrespective of your recommendation for promotions?

Mr. HITCHCOCK. I have explained that with the segregation as I read it for the first three grades, there would be an increase of a hundred each in the one hundred, the two hundred, and the three hundred dollar grades. In the \$400 grade there would be 120.

The CHAIRMAN. That would be for new service irrespective of promotion. That is an increase of 120 in the \$400 grade?

Mr. HITCHCOCK. Yes; 120 in the \$400 grade, and in the \$500 grade there would be 380. The numbers in the grades from 600 up to 1,200 I have given you.

The CHAIRMAN. That is for promotions?

Mr. HITCHCOCK. That is true; but I also read the whole number of appointments.

The CHAIRMAN. Have you the amounts separated, so that we may know the additional amount of money that you would want for the increased service without respect to the amount for promotion services—the total?

Mr. HITCHCOCK. One million eighty thousand four hundred dollars.

The CHAIRMAN. Can you furnish the committee with a revised table which would show simply the distribution of additional clerks needed for the service irrespective of the table which would show the promotions?

Mr. HITCHCOCK. Yes; I would like very much to do that. We will have a statement prepared.

The CHAIRMAN. May I ask you how many additional clerks, in the aggregate, you will need on account of the increased volume of service, without respect to any promotions?

Mr. HITCHCOCK. That would be 1,804, exclusive of the 300 for the numbered stations.

The CHAIRMAN. In the one, two, and three hundred dollar grades?

Mr. HITCHCOCK. Yes.

Mr. GRANDFIELD. One hundred and twenty at \$400; 380 at \$500, and 1,304 at \$600. The total amounts involved are \$48,000 for the \$400 grade; \$190,000 for the \$500 grade, and \$782,000 for the \$600 grade.

The CHAIRMAN. What additional clerks do you estimate for irrespective of any promotions in the grades above \$600?

Mr. GRANDFIELD. None.

The CHAIRMAN. Then you would want to modify your recommendations above the \$600 grade so as to eliminate any additional clerks in those grades, leaving each grade the same as the current law.

Mr. GRANDFIELD. Oh, no; the grades will all have to be changed up to \$1,200.

The CHAIRMAN. I mean above \$1,200.

Mr. HITCHCOCK. There is no change whatever excepting superintendents of stations in New York City. I have sent a letter about that.

The CHAIRMAN. That is where you desire to have some stations changed?

Mr. HITCHCOCK. Yes.

The CHAIRMAN. You ask for some increases.

Mr. HITCHCOCK. Some increases and some reductions; but the total increase of expenditure involved is \$5,600.

The CHAIRMAN. You ask for increases in 18 of the stations and a decrease in 1 station, making a net increase in money of \$5,600. That is a change of law with reference to those stations?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. But above the \$1,200 grade you have recommended a new position, that of stenographer. Do you now revise that estimate and withdraw the recommendation for a stenographer?

Mr. HITCHCOCK. I remember that case.

The CHAIRMAN. The recommendation is to add a stenographer in each of the grades from \$900 to \$1,800, inclusive. Now, in this new revision of your estimate do you make any change in that?

Mr. HITCHCOCK. None whatever as regards that point.

The CHAIRMAN. When I asked you a while ago if you made any recommendation for new offices, or promotions above \$1,200, you excepted that.

Mr. HITCHCOCK. That does not increase the number of places.

The CHAIRMAN. Oh, yes; it would increase the number, necessarily, by one.

Mr. GRANDFIELD. No; it is only a title.

Mr. HITCHCOCK. It will increase the number of designations, but not the actual number of employees.

The CHAIRMAN. Take, for instance, the \$1,800 class. You had under the designation an increase of 15.

Mr. HITCHCOCK. That has been revised.

The CHAIRMAN. We have had no notice of it.

Mr. HITCHCOCK. I mean so far as an increased number is concerned.

The CHAIRMAN. In your present recommendation you revised that?

Mr. HITCHCOCK. The increase of five is cut out.

The CHAIRMAN. If you put the word "stenographer" in you would not want to increase the number of places?

Mr. HITCHCOCK. No, sir.

The CHAIRMAN. Where would you appoint a stenographer at \$1,800?

Mr. HITCHCOCK. He is already employed as a stenographer, and it has been suggested that it would be desirable to give him that title, that is all. I do not see very much point to it myself, but, as I understand it, some postmaster made the recommendation.

The CHAIRMAN. Isn't it the practice that private secretaries to postmasters, with few exceptions, are also stenographers?

Mr. HITCHCOCK. I presume that is true.

The CHAIRMAN. And would not the new title of stenographer simply result in employment of an additional individual?

Mr. HITCHCOCK. No, sir.

The CHAIRMAN. Why not?

Mr. GRANDFIELD. If a man is a stenographer now, it is a part of his duties, but he is called something else. It is simply a change of title.

Mr. SNAPP. If you called him a stenographer, could you call upon him under the law to perform any other duties?

Mr. GRANDFIELD. The clerks are called clerks.

Mr. SNAPP. As designated here in this recommendation he would be there as a stenographer. On page 11 the increase is from 119 to 120, and, as I understand it, that is simply by the addition of a stenographer.

Mr. GRANDFIELD. He is employed now.

The CHAIRMAN. Take that matter which Mr. Snapp has called your attention to. If the word "stenographer" is retained in that classification, and the number of employees of that classification is not increased, how are you going to appoint the stenographer at \$1,800?

Mr. GRANDFIELD. It is only to provide a title for a man who is now employed.

The CHAIRMAN. Where is there an instance where a man is employed as a stenographer, at \$1,700, and given a different title?

Mr. GRANDFIELD. I don't know.

The CHAIRMAN. I thought you said a while ago that there were no employees who were doing service other than that to which they were designated?

Mr. GRANDFIELD. You can not make a title to cover all a man's duties.

The CHAIRMAN. Are there any stenographers employed who do no service except stenography?

Mr. GRANDFIELD. No; I think not.

The CHAIRMAN. Are they not in all cases private secretaries?

Mr. HITCHCOCK. I think I understand what the trouble is about that. At one of the large offices, if I am not mistaken, there was an additional clerk acting as a private secretary, and instead of having more than one person employed under the title of private secretary, they wanted some other designation.

Mr. GRANDFIELD. There are men employed whose official duties are those of a stenographer, but who are classed as something else.

Mr. SNAPP. What do they do as stenographers?

Mr. GRANDFIELD. Write letters.

Mr. STAFFORD. Mr. Hitchcock's understanding is that they are classed as private secretaries, and your understanding is that they are

classified as clerks. Do you know what the present classification of those men who are doing stenographic work in the large offices is, Mr. Grandfield?

Mr. GARDNER. Are your private secretaries now designated as clerks?

The CHAIRMAN. There is a regular designation for them.

Mr. HITCHCOCK. I can see only one advantage in this change. I am sorry that I did not look into the matter more carefully. I do remember in a casual way that that question came up, and I made some inquiries about it, but I don't know, as I ought to know, just what the reason is for this insertion. But I think the object is to make it possible at large post-offices to employ more than one person in the capacity of private secretary. That is, a postmaster at a large office might wish to have several secretaries or correspondence clerks at these high grades. This would make it possible to give him another. That is the only object I can think of for that change. It is the only one that occurs to me now.

Mr. FINLEY. Is there any real necessity for stenographers at a salary as high as \$1,800, \$1,700, and \$1,600, and so on, in these important post-offices in the country?

Mr. HITCHCOCK. I think at such post-offices as New York and Chicago that it would be quite proper. That is my judgment. Those offices are almost equal to Government Departments in the volume of business handled.

Mr. FINLEY. I think they are; I think they are more important. Have you not many stenographers, competent stenographers, in the Department here at a less salary than \$1,600, \$1,700, and \$1,800?

Mr. HITCHCOCK. We have many at \$1,800, correspondence clerks.

Mr. FINLEY. They have served for many years and have gone up by promotion?

Mr. HITCHCOCK. Yes; that is it.

Mr. FINLEY. That same rule would not apply to this designation you put in here, that same rule of promotion from year to year, would it?

Mr. HITCHCOCK. Yes; I think it would.

Mr. FINLEY. Would you start them at \$1,800?

Mr. HITCHCOCK. It does not mean that he would be appointed directly to that position.

Mr. FINLEY. It is a new position?

Mr. HITCHCOCK. Oh, no; a clerk has been moved up, a civil-service employee, through successive grades.

Mr. FINLEY. There is no title of stenographer in a previous bill, that I remember.

Mr. HITCHCOCK. I assume not.

Mr. GRANDFIELD. But there are such positions.

Mr. FINLEY. I understand that; but there are none designated in the appropriation bills, the law, as such?

Mr. HITCHCOCK. I think the purpose was to make it possible to promote to such positions experienced correspondence clerks who have gone up through the grades in the larger offices and who are valuable because of their experience in that kind of work.

The CHAIRMAN. In your revised estimate for the number of clerks you recommend for new service 2,104 clerks, including the 300 additional for the \$100, \$200, and \$300 grades, as against 2,204 in your

first estimate. Now, do you make any change in your recommendation as to the total sum for this service? Your estimate for this entire service originally was \$22,680,000. Do you change that sum in your revised estimate?

Mr. HITCHCOCK. No, sir; that is not changed. The purpose was to readjust the promotion scale in such a way as to give the promotions in the lower grades, but not to increase the total.

The CHAIRMAN. In this revised estimate you make no recommendation for any additional clerk above the \$1,200 grade?

Mr. HITCHCOCK. We do not.

The CHAIRMAN. Nor for any promotion above the \$1,100 grade?

Mr. HITCHCOCK. We do not, with the exception of the station superintendents. We stop at \$1,200.

The CHAIRMAN. Just for the information of the committee, I will read a letter received this morning from Mr. Hitchcock, and then ask him to explain it.

The chairman then read to the committee the following letter:

POST-OFFICE DEPARTMENT,
OFFICE OF FIRST ASSISTANT POSTMASTER-GENERAL,
Washington, January 19, 1906.

Hon. JESSE OVERSTREET,

House of Representatives, Washington, D. C.

SIR: The act of March 2, 1889, classifying clerks in post-offices, provides that the salaries of the superintendents of Stations A and D, New York, N. Y., shall be fixed at \$2,500 each per annum, and that the salaries of the superintendents of Stations E and F shall be fixed at \$2,200 each per annum. At the present time several stations of the New York post-office transact more business than Stations A, D, E, and F. I inclose a statement showing the gross receipts of the larger stations of the New York post-office for the past fiscal year, the number of clerks and carriers assigned to each, the present salaries of the superintendents, and the amount recommended by the postmaster. The desirability of amending the law on this subject seems apparent. The present inconsistency could be avoided by making provision in the next appropriation act for the following changes in the salaries of the superintendents of the larger stations of the New York post-office, namely:

Station E, from \$2,200 to \$2,400; Station F, from \$2,200 to \$2,000; Station G, from \$2,000 to \$2,200; Station H, from \$2,000 to \$2,500; Station I, from \$1,700 to \$2,000; Station J, from \$2,000 to \$2,100; Station K, from \$1,700 to \$2,000; Station N, from \$1,700 to \$2,000; Station O, from \$2,000 to \$2,500; Station P, from \$2,000 to \$2,500; Station S, from \$2,000 to \$2,500; Station U, from \$1,700 to \$2,000; Station V, from \$2,000 to \$2,100; Station W, from \$1,800 to \$2,000; Station X, from \$1,600 to \$1,800; Station Y, from \$1,700 to \$2,000; Madison Square Station, from \$2,000 to \$2,400; Foreign Branch Station, from \$2,000 to \$2,500; Wall Street Station, from \$2,000 to \$2,400.

Respectfully,

F. H. HITCHCOCK,
First Assistant Postmaster-General.

The CHAIRMAN. Mr. Hitchcock may at this point explain that more fully than he has in the letter, because it pertains to this estimate. It is a general understanding that that will require a change of the law of 1889. Do you care to say anything additional to what is in the letter, Mr. Hitchcock?

Mr. HITCHCOCK. The matter has been urged very strongly by the postmaster at New York City, and it is at his earnest request that I have brought this matter to the attention of the committee.

Mr. STAFFORD. Is there any other place in the country where the salaries of superintendents of stations are provided for by law?

Mr. HITCHCOCK. New York only.

Mr. STAFFORD. That is the only place for which there is a definite provision?

Mr. HITCHCOCK. That is the only city, and it is only at the four stations named in the law, A, D, E, and F.

Mr. FINLEY. Does the necessity for making those four designations under the law continue?

The CHAIRMAN. He wants it changed so as to include 18.

Mr. HITCHCOCK. That is, if the salaries are provided for in this way, we propose that the law be amended so as to cover all the stations in some such manner as that suggested in the letter.

Mr. STAFFORD. Why would it not be better to repeal the law entirely, as conditions might change again?

Mr. HITCHCOCK. I think that would be decidedly better. I would favor that.

Mr. STAFFORD. And if the committee thinks that these salaries should be increased or changed they could make provision in the bill accordingly for those cases.

Mr. SNAPP. Do you recommend any decrease of the salary at stations A and D?

The CHAIRMAN. The law is left the same as to A and D.

Mr. HITCHCOCK. Taking those two stations as a basis, it is to place the other stations on a fair footing.

Mr. SNAPP. Could not the salary at A and D be decreased somewhat? Have you any recommendation to make to the committee as to whether they are earning that salary?

Mr. HITCHCOCK. I will hand you a statement showing the distribution of business at those stations. The business has increased at all of these stations, A, D, E, and F, as well as the others; and if that was a proper compensation at the time the law was enacted, it would, of course, be hardly fair to cut it down now.

Mr. STAFFORD. Could you furnish the committee with the table showing the number of clerks that are now employed, not last June but now, in the first and second class post-offices, by classes?

Mr. HITCHCOCK. Yes, sir.

Mr. STAFFORD. We would like to have such a statement. I am informed that the list as furnished the committee by Mr. Grandfield is the list showing the number of clerks in the service on June 30 last.

The CHAIRMAN. I think we have another one as of October 1, and there would be but few changes since October 1, because I observe that you have not much money left.

Mr. HITCHCOCK. I have had a statement prepared showing the clerks of the various grades appointed in each month from July, 1905, to January, 1906, inclusive.

The CHAIRMAN. What is the total number?

Mr. HITCHCOCK. The total number is 1,581.

Mr. STAFFORD. Will you please leave that statement with the committee?

Mr. HITCHCOCK. Yes, sir.

Mr. STAFFORD. Could you also furnish the committee with a list showing the clerks in charge of stations, by respective classes, above the grade of \$400?

Mr. HITCHCOCK. I can read you the number from the statement that I have here. Beginning with the \$400 grade there are 210;

\$500 grade, 103; \$600 grade, 63; \$700 grade, 31; \$800 grade, 19; \$900 grade, 19; \$1,000 grade, 6.

Mr. STAFFORD. Are there any employees in the \$300 grade or below that are not clerks in charge of stations?

Mr. HITCHCOCK. There are employees at salaries as low as \$400.

Mr. GRANDFIELD. There are a few—laborers and janitors.

Mr. STAFFORD. When you say that you provide for a 60 per cent increase in the \$400 and \$500 classes in your new estimate, do you include in the 60 per cent the clerks in charge of stations, or does that merely refer to those who are performing other work, such as laborers, janitors, and the like?

Mr. HITCHCOCK. It would cover them all. It would cover the entire item if we get this provision we have suggested. Of course there will be no promotions of clerks in charge of stations above \$300, and there will be no appointments of clerks in charge of stations above \$300. If there were any emergency that made it necessary to have a higher salaried clerk in charge of a numbered station we could provide for that by taking a clerk from a post-office, as is done in some cases, so there would be no difficulty about that. Our suggestion is that we be given a lump sum to cover the salaries of clerks in charge of stations up to \$300.

Mr. STAFFORD. Then I understand you are making no provision for the increase of allowance to clerks in charge of the stations above \$300.

Mr. HITCHCOCK. That is true. But we do not cut out the clerks that are now receiving those salaries, you understand.

The CHAIRMAN. How many additional clerks were authorized for the current fiscal year; 1,578 was it not? My understanding is that that was the number.

Mr. HITCHCOCK. I think that is correct.

The CHAIRMAN. There are 26,988 authorized by the current law and 25,410 for the fiscal year 1905, leaving an additional increase of 1,578.

Mr. HITCHCOCK. That is right.

The CHAIRMAN. How many additional clerks have been appointed since the 1st of last July?

Mr. HITCHCOCK. One thousand five hundred and eighty-one.

The CHAIRMAN. Where do you get those three extra clerks?

Mr. GRANDFIELD. The grades were not full on June 30; there were vacancies then as now.

The CHAIRMAN. How many more could you appoint during the current year?

Mr. GRANDFIELD. We could appoint more than 200 if we had the appropriation.

The CHAIRMAN. And still come within the authority of the law for 1,578?

Mr. GRANDFIELD. Yes.

Mr. HITCHCOCK. If we had the appropriation.

The CHAIRMAN. I do not quite understand that.

Mr. HITCHCOCK. These appointments are to vacancies.

The CHAIRMAN. Then it is not additional clerks?

Mr. HITCHCOCK. It is not in the sense that you mean.

Mr. GRANDFIELD. That is another reason why we wish to get rid of the designation of a specific number of clerks in charge.

The CHAIRMAN. We are not now discussing the reasons why you want to get rid of it; I am trying to emphasize the necessity of making it more binding upon you. How many clerks are now employed in the service at offices of the first and second classes?

Mr. GRANDFIELD. Twenty-six thousand six hundred and ninety-three.

The CHAIRMAN. Then you have not appointed 1,581 additional clerks; you have filled vacancies with some.

Mr. GRANDFIELD. No; that many additional clerks. If you will take the number of clerks on June 30, 1905, you will see that it was not as many as the appropriation provided for.

The CHAIRMAN. How many clerks are now in the service?

Mr. HITCHCOCK. Twenty-six thousand six hundred and ninety-three.

The CHAIRMAN. And there were authorized 26,988?

Mr. GRANDFIELD. Yes, sir.

The CHAIRMAN. That leaves 295 which may yet be appointed during the fiscal year.

Mr. HITCHCOCK. One hundred and twenty-three of them are in the \$100 grade, 19 in the \$50 grade, 4 in the \$200 grade, and 28 in the \$400 grade.

Mr. SNAPP. How many in the grades above \$600?

Mr. HITCHCOCK. Fifty-five in the \$700 grade, 21 in the \$800 grade, 12 in the \$900 grade, and 13 in the \$1,000 grade. It is because the number of these various grades is fixed that we can not utilize these positions.

The CHAIRMAN. How many of the 295 yet remaining will be in the \$100 grade?

Mr. HITCHCOCK. One hundred and twenty-three.

The CHAIRMAN. How many are now employed in the \$100 grade?

Mr. GRANDFIELD. It is the difference between 123 and the number provided for.

The CHAIRMAN. Are you going by that figure or the figure of your employees?

Mr. SNAPP. Why does not the Department appoint these clerks to the grades that Congress has provided, and for which it has made appropriations?

Mr. HITCHCOCK. It could not appoint them to other grades.

Mr. SNAPP. You are allowed the full number asked for?

Mr. HITCHCOCK. No; not for the full year. The appropriation must provide for \$255,000 going back.

Mr. GARDNER. I think that was explained when we had this table up a while ago. They asked for so much money to segregate the clerks. Now, the segregated table shows more than that which we have been allowing, in order to leave a leeway in these grades. Now, what the Department says in effect is that they do not want all the clerks that we name in this bill, but that they may want the aggregate in any one class that we put in; so that if they use the aggregate in any one class, so many less must be used in some other class in order to keep within the aggregate appropriation.

Adjourned at 1.20 p. m.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Tuesday Morning, January 23, 1906.

Sub-committee called to order at 10.40 a. m.

**STATEMENT OF HON. FRANK H. HITCHCOCK, FIRST ASSISTANT
POSTMASTER-GENERAL—Continued.**

The CHAIRMAN. On yesterday we were, at the adjournment, considering the appropriation for clerks in first and second class post-offices; and Mr. Hitchcock had made some suggestions modifying his original estimate. I would suggest now that Mr. Hitchcock make any additional explanation upon that item which he desires.

Mr. HITCHCOCK. Mr. Chairman, reverting to the matter of clerks in charge of stations, our purpose was to ask for a lump sum with the provision that no clerk should be appointed with a salary exceeding \$300.

The CHAIRMAN. Then your lump sum applied only to the first three grades, \$100 grade, the \$200 grade, and the \$300 grade.

Mr. HITCHCOCK. That lump sum covered the grades of \$300 and less.

The CHAIRMAN. How many of those clerks in charge of stations?

Mr. HITCHCOCK. I find that they are all clerks in charge of stations with the exception of 6 laborers; and we now propose to promote those 6 laborers into the next grade—that is, move them up from \$300 to \$400—in order to leave this fund to be used exclusively for the employment of clerks in charge of stations.

The CHAIRMAN. In what grade are those laborers now?

Mr. HITCHCOCK. The \$300 grade. And I wish to add that it is our plan not to appoint any more clerks in charge of stations except from this fund; that is to say, no clerks in charge of stations will be appointed at salaries in excess of \$300. The clerks in charge of stations already serving in the several grades, from \$400 up to and including \$900, will be continued, but no promotions will be made in those grades. And gradually these higher salaried clerks in charge will be dropped out as we abandon stations or move them, and when we establish new stations, we will establish them with clerks in charge receiving salaries not in excess of \$300.

The CHAIRMAN. Is your recommendation for promotions of clerks in grades below the \$1,200 salary suggested yesterday, do you include the promotion or contemplate the promotion of any clerks in charge of stations?

Mr. HITCHCOCK. No; we do not. As far as my own administration is concerned, I commit my office not to promote any clerks in charge of stations in the grades above \$300.

The CHAIRMAN. Have you data at hand to indicate the number of clerks in charge of stations of the various grades now in the service?

Mr. HITCHCOCK. Yes.

The CHAIRMAN. I understand that the one, two, and three hundred-dollar grades are all clerks in charge of stations, excepting six laborers at \$300. Is that right?

Mr. HITCHCOCK. Yes; that is true.

The CHAIRMAN. Will you be kind enough to tell the committee the number of clerks in charge of stations at the grades of \$400 to \$1,000, inclusive, which includes the entire range of clerks in charge of stations?

Mr. GARDNER. Allow me to ask right there, what the reason is for a rule permitting the promotion of no clerks in charge of stations?

Mr. HITCHCOCK. After giving this matter very careful consideration, we believe that we can meet the needs of the service with this limitation. We do not favor large numbered stations. If the business becomes heavy, say in drug stores, so that there is a congestion there, compelling people to wait, as they do in many cases, we believe that it is better to divide that business by putting another numbered station a square or two away. That will distribute the facilities throughout the community, and people will not have to go so far to get their stamps, register letters, and so forth.

The CHAIRMAN. Under the rule you suggest about the gradual doing away with the higher compensation for clerks in charge, there will result a larger number of clerks in charge, at less salaries?

Mr. HITCHCOCK. Yes, sir; that is true.

The CHAIRMAN. There will be practically the same amount of expense, but the stations will be more thoroughly distributed and more numerous.

Mr. HITCHCOCK. Yes; and therefore they will be more convenient to the people.

The CHAIRMAN. Can you refer to data to show the number of clerks in charge of stations at the various grades from \$400 to \$1,000 that are now in the service?

Mr. HITCHCOCK. I am very sorry that I have not that table with me.

Mr. SNAPP. What is the system of inspection of these stations—the same as other offices?

Mr. HITCHCOCK. There is an inspection that is conducted by the city postmaster, under whom these stations are.

Mr. SNAPP. Has he a force of men for that purpose?

Mr. HITCHCOCK. He has clerks that are detailed to do that work of inspection; but of course if there is any need of it we inspect them through our inspection force. There is a periodical inspection of these numbered stations by the people designated to do that work by the city postmaster.

Mr. SNAPP. A large increase in these numbered stations would necessarily increase the force of local inspectors who work under the local postmaster.

Mr. HITCHCOCK. It may increase it to some extent.

Mr. SNAPP. Supposing you were to double the number. That would increase largely the local force used for inspection purposes.

Mr. HITCHCOCK. It would doubtless require twice as much work to do it.

Mr. STAFFORD. Is it not a fact that these clerks in charge of stations make a daily report of their business to the postmaster of the money orders that they issue and the registered packages, and that only on rare occasions is any inspection had by the postmaster, and then it is generally the work of the assistant postmaster?

Mr. HITCHCOCK. You are correct about that. These inspections are periodical.

Mr. STAFFORD. And the mere increase in the number will not result in a material increase of the force?

Mr. HITCHCOCK. No, sir.

Mr. SNAPP. If that is true, then it is the only branch in this Government where it does not occur.

Mr. STAFFORD. How many proprietors of drug stores refuse to take these stations because of the cumbersome work required in making the daily inspection and that the returns are not commensurate with the work that is done?

Mr. HITCHCOCK. There is this about it—the more numerous the numbered stations the more convenient they are to the people and the more relief there is to the main office, because they sell stamps and do business which is done at some other office if it is not done there.

Mr. SNAPP. But if you only did the same amount of business in doubling the number of stations it would necessarily increase the cost to the Government?

Mr. HITCHCOCK. I am confident it will reduce the cost to the Government, because it will reduce the business done in the main office. Of course it goes without saying that if you have more stations there will have to be more inspection.

Mr. SNAPP. Do you calculate that the increase would be in the sale of stamp, or money-order business, or registry service, or all of them?

Mr. HITCHCOCK. No doubt it will.

Mr. SNAPP. Any increase in the money-order service is not a profit to the Government.

Mr. HITCHCOCK. I am not prepared to say that. That is a matter of controversy.

Mr. SNAPP. I thought that was freely admitted on all sides. I did not suppose anyone connected with the postal service disputed that.

Mr. HITCHCOCK. Well, I have heard it disputed in the Department; but I am not prepared to say as to that. It is our experience, however, that these numbered stations are desirable from a business point of view.

Mr. FINLEY. Those clerks that you speak of at the stations are all included as clerks at first and second class post-offices, are they not?

Mr. HITCHCOCK. They are all included under that general head. Our suggestion is that these clerks in charge of stations be provided for in a lump appropriation.

Mr. FINLEY. Does that make any change in your estimate for 1907 of \$22,920,000?

Mr. HITCHCOCK. No, sir.

Mr. FINLEY. Your estimate remains the same?

Mr. HITCHCOCK. It makes no change in our total estimate.

Mr. SNAPP. Has not the policy of the Department, as to the increased number of these stations, been largely changed in the last year?

Mr. HITCHCOCK. I am not familiar with the policy as it existed prior to this year; and so that is a rather difficult question for me to answer.

Mr. SNAPP. I will ask Mr. Grandfield if that is not so?

Mr. GRANDFIELD. No; I think not.

The CHAIRMAN. May I ask Mr. Grandfield this question: In your estimates in the last several years, prior to the present, have you not

made an arbitrary increase in these lower grades of about a hundred to the grade? Has not that been the policy?

Mr. GRANDFIELD. We recommended last year, if you will recollect, that a lump sum be made for the \$100, the \$200, and the \$300 grades.

The CHAIRMAN. I know; but did you in your estimates each year ask for about 100 increase in your first three grades?

Mr. GRANDFIELD. No; we endeavored to ascertain about how many places would be needed in each grade, just the same as for any other appropriations.

Mr. SNAPP. Then, regarding any change of policy in regard to the payment of these stations, or increased number of low-grade stations, is it the policy of the Department, or will it be, to establish these regardless of the earnings of the particular station, and in order to meet the convenience of the people?

Mr. HITCHCOCK. We never establish a station regardless of its earnings.

Mr. SNAPP. What percentage of earnings must an office show to the Government in order to entitle it to a station in a certain locality; or, I will put it this way: What system do you have by which you determine when a station should be established, and after established, continued; what must be these earnings, the net earnings to the Government?

Mr. HITCHCOCK. We generally require about a thousand dollars in postage business and one hundred money order transactions.

Mr. SNAPP. That would be a gross business then of about \$1,100.

Mr. HITCHCOCK. As a rule, one hundred money order transactions and \$1,000 in postage.

The CHAIRMAN. But the money orders might aggregate more than that.

Mr. HITCHCOCK. Oh, we don't have an absolutely fixed rule as to that. I am quite sure we are running stations that are giving a business of less than that.

The CHAIRMAN. It is largely, then, upon the discretion and the judgment of the Department?

Mr. HITCHCOCK. Quite largely, taking into account the peculiar conditions of the neighborhood concerned.

The CHAIRMAN. How do you arrive at that; from the reports of some inspectors?

Mr. HITCHCOCK. We generally ask for a recommendation from the city postmaster in the first instance. If that does not give us the necessary information, then we have one of our representatives, an inspector or assistant superintendent, look into the conditions there and report to us.

The CHAIRMAN. Then it is not done in the first instance except upon the recommendation of the postmaster?

Mr. HITCHCOCK. The practice is always to get the recommendation of the postmaster when we receive an application for a station, or a petition—we frequently receive petitions signed by people in a community, and they sometimes come directly to the Department. We write the postmaster and ask him to look into the matter and make a recommendation.

Mr. GARDNER. When a station is put in a drug store, who is appointed the agent in charge there? Is the druggist responsible for

that, and does he employ the clerk, or do you employ the clerk whose sole business it is; or is it a mixed duty?

Mr. HITCHCOCK. A mixed duty. Very often the proprietor is made clerk in charge. The salary of \$100 is in reality a mixed compensation, using that term. It represents, also, the rental and the expense incident to the establishment of that station so far as that drug store is concerned.

Mr. GARDNER. I notice in some drug stores where I have been that there is a desk, and some person always in charge representing the post-office.

Mr. HITCHCOCK. Sometimes it is the proprietor himself, and sometimes one of his clerks.

Mr. GARDNER. But that clerk is employed by him.

Mr. HITCHCOCK. That clerk is employed by him—sometimes as a cashier—and receives a salary from him to cover the service that is rendered in his business, and receives additional compensation for the service to the Post-Office Department.

Mr. GARDNER. In some cases they have a desk, I have noticed, separate from the cashier of the business house, where the clerk seems to be devoting herself entirely to the post-office business. I think I have noticed that arrangement on F street below Seventh—a cashier's desk and a post-office clerk's desk—two separate desks.

Mr. HITCHCOCK. That sometimes happens, too, where they give all of their time to the postal business.

Mr. FINLEY. Is it true that drug stores seek these postal stations for their own benefit—for the benefit of the trade that it draws?

Mr. HITCHCOCK. We receive many applications on that basis.

Mr. FINLEY. And in that way you are able to make better arrangements for the Government?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. Are there any clerks in charge of stations now employed by the Department and paid for out of the item for rent, light, and fuel?

Mr. HITCHCOCK. Not that I am aware of.

The CHAIRMAN. That practice is discontinued?

Mr. HITCHCOCK. Oh, yes.

May I make one further statement in response to Mr. Snapp's inquiry about the rule we follow in establishing these stations? It sometimes happens that there is a little community, or rather an isolated section of a community, that requires postal facilities that can be given by a numbered station. Possibly that section of the community is not large enough to bring the business up to the standard I mentioned; it is a case that is peculiar in that way, and of course we make allowance for that peculiar condition and give them the station.

Mr. SNAPP. I imagine that in cases of these substations paying only \$100 a year, that they require the attention of the proprietor, and possibly his clerk, part of the time. They can derive, I suppose, scarcely any benefit from that in itself, but they have it largely for the benefit and convenience of the patrons of their store. In that way the Government takes advantage of their necessities in its desire to establish a postal station.

Mr. HITCHCOCK. There is sometimes quite a rivalry between owners of stores, because they feel that it brings patronage to their places

of business. It is an advantage to them to have the numbered stations in their stores.

Mr. FINLEY. That works no detriment to the service.

Mr. HITCHCOCK. That is a mutual advantage it seems to me.

Mr. SNAPP. If I understand you, you recommend promotions only in the grades between \$600 and \$1,100; is that right?

Mr. HITCHCOCK. We recommend promotions in the grades from \$400 to \$1,100 inclusive, and nothing above that, excepting the promotions of certain superintendents in New York city.

The CHAIRMAN. You mentioned that yesterday in connection with your letter referring to New York city.

Mr. SNAPP. In the report of the First Assistant Postmaster-General you recommend the promotion of a large number in each of the grades above \$1,100.

The CHAIRMAN. He stated yesterday that he had modified that recommendation.

Mr. SNAPP. I know that. I would like to know why you modified that recommendation, and why you think now the promotions ought to stop at the \$1,100 grade.

Mr. HITCHCOCK. I shall be pleased to tell you. When this estimate was prepared—and that was some time ago, of course—I had not given this matter of promotions so much thought, and I was not as familiar with it as I am now. I have changed my views radically.

As a matter of fact, this original estimate does not express my views; whereas the later revised estimate does. In a word, I believe that the greatest need of promotions in the postal service, so far as clerks are concerned, exists in these lower grades, particularly in the \$600 grade and the \$700 grade. The \$600 grade is the grade at which clerks generally enter the service.

Mr. HEDGE. It is pretty hard to get a man competent to stay in a post-office at that salary.

Mr. HITCHCOCK. The difficulty is that we can not retain competent men at those salaries. After a man reaches \$1,200 he will hesitate before he goes out of the service, but good men are all the time leaving the service in these lower grades. It is a hardship for those men to work for that compensation.

Mr. SNAPP. Then, if we had followed the recommendation as contained in your report, making these promotions in the grades above \$1,100, we would not have been acting for the best interests of the Government.

Mr. HITCHCOCK. Yes. If you had followed the original recommendation. I admitted that in the hearing yesterday, basing the statement on my own judgment. In fact, I think I apologized to the committee for coming here with a complete revision of that estimate. You understand, of course, Mr. Snapp, that some promotions will be possible also in these higher grades in the natural course of things, due to resignations and deaths.

Mr. SNAPP. Without increasing the number in the higher grades?

Mr. HITCHCOCK. Without increasing the number. We would be very glad, if we had the money to spend, to recommend promotions through this entire list—reasonable promotions—but with the limited money available, we think that it ought to be confined largely to these lower positions.

The CHAIRMAN. Mr. Hitchcock, in the table which you have prepared showing the additional clerks and promotions, including the station agents at such stations in New York, your revised estimate, did you intend to insert all of the station agents at New York City included in your letter of the 19th, or had you modified that?

Mr. HITCHCOCK. It was my purpose to have all those inserted.

The CHAIRMAN. Station G is omitted. I did not know whether it was done purposely or by mistake.

Mr. HITCHCOCK. I think that was omitted by error.

The CHAIRMAN. In checking your letter I find that Station G is not included.

Mr. GRANDFIELD. Was not that the case where one clerk that went up and one that went down?

The CHAIRMAN. You only have 17 here. One at Station F is decreased and there are 18 others. It is clearly omitted from your table. I did not know whether it was done intentionally or by accident.

Mr. GRANDFIELD. One would balance the other; there would be no change.

Mr. HITCHCOCK. It looks to me as if we had inadvertently omitted one of these places. In hurriedly preparing this table we have probably made that mistake.

The CHAIRMAN. You intended to include all of that?

Mr. HITCHCOCK. We will have to make that addition there, and we will be very glad to do it.

Mr. STAFFORD. What percentage of increase is necessary in the number of clerks with the increased business that has been shown in the last several years?

Mr. HITCHCOCK. Our estimates are based upon an increase of 8 per cent.

Mr. STAFFORD. Then with the business increasing at the rate of 9 per cent—the total receipts increasing at 9 per cent—8 per cent in the number of clerks is necessary to meet the added service?

Mr. HITCHCOCK. Yes, sir.

Mr. STAFFORD. What is the ratio of increase that is necessary to apply to the clerks to do that increased business, as the volume of business increases? Do you have any established rule?

Mr. HITCHCOCK. So many factors would enter into a ratio of that kind that I think it would be difficult to fix one.

Mr. STAFFORD. For the last four or five years there has been an average increase in the postal business, not only an average but a more or less regular increase. What does the service show as to the number of men necessary to take care of the added business?

Mr. HITCHCOCK. Well, I can say in answer to that question that we take into consideration all of the factors. The Bureau has reached the conclusion that an increase of 8 per cent will be required to meet the proper needs of the service.

Mr. STAFFORD. The Department has not arrived at any estimate as to the percentage of increase in the number of clerks as the volume of business increases?

Mr. HITCHCOCK. Not that I am aware of.

Mr. STAFFORD. A 10 per cent increase in the number of clerks would be needed on a 10 per cent increase in business, or a less per-

centage of increase in clerks on a less percentage of business. Is that it?

Mr. HITCHCOCK. In the first place we would have to decide just what is meant by "increased business."

Mr. STAFFORD. Well, if the business for the past five years has increased on an average of 8 or 9 per cent, why should not the number of clerks necessary to take care of that business be a fixed percentage, so that the Department could inform the committee?

Mr. HITCHCOCK. Do you mean an increase in the actual volume of business, or an increase in receipts?

Mr. STAFFORD. Increase in the actual volume of business as expressed by receipts. I supposed that the only way you can determine whether there has been an increase in business or not is by the increased receipts. You have no other method of determining it, have you?

Mr. HITCHCOCK. At the same time the increase in receipts might not measure accurately an increase in the volume of work required.

Mr. STAFFORD. But if the increase of receipts had been about the same during the past five years, why would it not be more or less of a criterion?

Mr. HITCHCOCK. I think it could be utilized to some extent as a guide, but I doubt if a definite rule of that kind would be relied upon.

Mr. STAFFORD. On what do you base the additional number of clerks that you recommend for the increased business?

Mr. HITCHCOCK. We base it upon all of the conditions that are brought to our attention. The increase in the volume of business as shown by the receipts is one thing, and the advice that we receive from reliable postmasters all along the line is an important factor, and so on.

Mr. FINLEY. In that connection isn't it true that a volume of business does not mean an increase in receipts; for instance, the money-order and registered letter business of recent years. Has not the volume of business increased at a greater ratio than receipts have increased even?

Mr. HITCHCOCK. That was the point of my suggestion to Mr. Stafford, that there are many factors entering into that problem.

Mr. FINLEY. The money order business has largely increased, and my understanding is that it is at a much faster rate than the receipts.

The CHAIRMAN. Along that line of inquiry, I may say that during the period covered by the years from 1895 to 1905, both years inclusive, the average percentage of increase of receipts has been 6.7 per cent, while during the same period the average per cent of increase of expenditures has been 6.4 per cent. In view of that, why should the average increase in the number of clerks to transact that business be greater than either of those per cents; or, is it an evidence of good administration that the number of employees in the performance of the work should increase more rapidly than either the receipts or expenses?

Mr. HITCHCOCK. On those facts, of course, it is not an evidence of good administration; but if there has been anything unbusinesslike in the method of making these expenditures, as, for example, in the method of applying this appropriation for salaries that would be expended——

The CHAIRMAN. I am speaking now entirely of the increased number of employees. A good business administrator does not increase the number of his employees for the performance of the work in the same proportion that his business increases. But it appears from the history of the administration of the first and second-class post-offices during the last ten or eleven years that there has been a much greater percentage of increase in the number of employees than has appeared in either the receipts or the expenditures of the service. How do you explain that?

Mr. HITCHCOCK. I should think it would be natural to assume on that showing that while we have been incurring greater expenses, it is because we have been extending the service in such a way as to meet more liberally the requirements of the public.

The CHAIRMAN. I am trying to find out where the evidence of this business administration appears, when the percentage of increase in the employees is so much greater than the percentage of increase of business.

Mr. HITCHCOCK. It would be easier for me to answer that question if I had been in the Department during those years.

The CHAIRMAN. I think, Mr. Hitchcock, that your present recommendation for the increase of employees in this particular service is a larger percentage than ever recommended by your predecessors.

Mr. HITCHCOCK. I have looked into that matter, Mr. Chairman, and I would like to read you some figures here bearing upon that point.

The CHAIRMAN. Does it give the percentages or the amounts?

Mr. HITCHCOCK. I will read the percentages.

Mr. SNAPP. And also the amounts.

Mr. HITCHCOCK. The increase in the appropriation for the fiscal year 1902, which is the first year in this series, shows a heavy increase, 11.31 per cent, and the amount of the increase was \$1,326,000. In the fiscal year 1903 the increase was 20.41 per cent, the amount being \$2,663,000. In the fiscal year 1904 the increase was 15.26 per cent, and the amount \$2,410,000. In the fiscal year 1905 there was an increase of 10.32 per cent, and the amount was \$1,871,000.

The CHAIRMAN. What do you find for 1906?

Mr. HITCHCOCK. In the fiscal year 1906 the increase was only 4.78 per cent, being \$1,004,000.

The CHAIRMAN. That per cent is a little over one-half of your recommendation now. The per cent of increase of 1906 over 1905 is a little over 6 per cent, while your recommendation is 8 per cent.

Mr. HITCHCOCK. This percentage of 4.78 is not comparable with the percentage I have just mentioned—that is, 8 per cent—for the reason, as I understand it, that this increase does not take into account the sum accruing from lapses of salaries, which amounted to \$259,000.

The CHAIRMAN. Is not your recommendation in this particular item for employees in the first and second class offices quite a little larger in per cent than the appropriation of 1906, as compared with 1905 for the same thing?

Mr. HITCHCOCK. Yes, sir; it is.

Mr. STAFFORD. These percentages that you have just given us are based upon the amounts of money appropriated as compared with prior years.

Mr. HITCHCOCK. Yes, sir.

Mr. STAFFORD. You have not the percentages of increase as based upon the number of men employed, which would be a more accurate determinator in finding out whether there had been a radical increase in the amounts.

Mr. HITCHCOCK. We have not.

Mr. STAFFORD. That would be a better determinator as to whether there had been a marked increase in the number of men employed. There can not be an increase in the salaries of the persons without an increase in the number. The purpose of the question was to ascertain whether, by the growth of business, the same percentage in the number of clerks was necessary to care for that increased business.

Mr. HITCHCOCK. The principal part of this increase was used in the employment of new clerks at the lowest grade.

Mr. STAFFORD. It would be a better rule to compare it with the number of clerks in each successive year, than to use the amounts appropriated and expended.

Mr. FINLEY. Isn't this true, that the public is more exacting; that they require from year to year better service, more frequent and better deliveries in second-class offices, more night clerks, and a great many new requirements that the Department has to meet year after year?

Mr. HITCHCOCK. I think you are quite right about that. That was the point I attempted to make in replying to the Chairman.

Mr. STAFFORD. Has it not also been the policy of the Department to keep the number of hours of employment of the clerks to as near an eight-hour basis as possible; that years ago the average hours of employment of a clerk was much higher than at present?

Mr. HITCHCOCK. I understand that that was so.

Mr. STAFFORD. That is another reason that accounts for the large percentages.

Mr. HITCHCOCK. Yes, sir.

Mr. SNAPP. At present are the clerks largely on an eight-hour basis?

Mr. HITCHCOCK. I do not think that I can answer that question in the affirmative. I think on the average they are working more than eight hours; I think the average would be considerably above that.

Mr. SNAPP. About how much, can you say? Would it reach nine?

Mr. HITCHCOCK. I doubt if it would reach nine for all the clerks, but it would be above eight hours I am sure, judging from the reports I have seen from the large offices which carry most of the employees. I don't think we have a complete statement for the entire service, but I have examined reports from the large city offices, and I find that quite generally they are working over eight hours. I imagine the average would be between eight and nine hours.

The CHAIRMAN. We will now pass to the next item—substitutes for clerks. I would like to ask Mr. Grandfield whether he intended to make any suggestions as to the compensation to substitutes. I notice that the recommendation is the same as last year.

Mr. STAFFORD. What pay does the substitute receive when he is performing work for a clerk on vacation?

Mr. HITCHCOCK. Six hundred dollars in first-class offices and \$500 in second-class offices.

Mr. STAFFORD. Then they do not receive the salaries of clerks whose places they are taking?

Mr. HITCHCOCK. No, sir.

The CHAIRMAN. In the fiscal year 1905, while \$100,000 was appropriated for this item but \$58,498.33 was expended. Can you tell the committee what proportion has been expended during the current fiscal year, and what surplus, if any, will probably remain at its close?

Mr. HITCHCOCK. On January 1, 1906, there was a balance of \$13,597 only.

The CHAIRMAN. What was the occasion for such an increase in this expenditure as compared with the preceding year?

Mr. HITCHCOCK. Increase of business at the post-offices.

The CHAIRMAN. During the entire fiscal year of 1905 you only expended a fraction over \$58,000, and in the first half of the current year you have expended over \$80,000, according to your statement.

Mr. HITCHCOCK. In the preceding year, I understand, the Department was able to allow more additional clerks than during the current year, and so did not need to draw upon this appropriation to the same extent.

Mr. SNAPP. What effect would that have upon the vacations of clerks? Should not the vacations of clerks increase about in the same ratio as the increase in the whole number of clerks?

Mr. HITCHCOCK. As I understand it, these clerks are employed to serve in the place of clerks who are taking leave with pay.

Mr. SNAPP. That expenditure would indicate a very large increase in the vacation of clerks with pay, much larger than the increased percentage in the case of the individual number of clerks in the service.

Mr. FINLEY. Isn't this true, taking last year, when we put in that large number of new clerks, that when clerks were on their vacations it was not necessary in all instances to put in a substitute? Is not that the reason? I understand that it was.

Mr. HITCHCOCK. I think you are right about that.

The CHAIRMAN. How do you reconcile that answer then with the fact that there was a less number of clerks authorized, in per cent, last year than you are now asking for?

There was granted for additional clerks for the year 1906—the current year—about 6 per cent increase over the preceding year. You are asking now for an 8 per cent increase. If you should be granted an 8 per cent increase, why would you need so much for compensation to substitutes for clerks?

Mr. HITCHCOCK. If there should be no increase in post-offices we would not need so much. If the conditions should be the same during the coming fiscal year as they are now we would not need so much, of course.

The CHAIRMAN. What is the practice of the Department in granting leaves of absence to clerks entitled to it during the busy season or during the dull season, or do they scatter the vacations?

Mr. HITCHCOCK. The practice is to require the vacations to be taken, as far as we can, during the dull season.

The CHAIRMAN. Why do you need so much more during the first half of this fiscal year than you have needed during the first half of the preceding fiscal year? You only expended \$58,000 in all of the fiscal year 1905, but you have expended over \$80,000 in the first half of the year 1906.

Mr. HITCHCOCK. That is very true.

Mr. FINLEY. Mr. Chairman, wouldn't that increase which was made the year before that come into the calculation; in other words, give the service a full force to do the work, and that would count in the last fiscal year?

The CHAIRMAN. Would the additional clerks authorized for the current fiscal year have anything to do with the increase in this item?

Mr. HITCHCOCK. Well, I should think it would have very much to do with it.

The CHAIRMAN. Why, when those additional clerks are not yet entitled to that privilege and will not be until after they are in the service six months?

Mr. HITCHCOCK. If we can appoint the required number of additional clerks, it will not be necessary in so many cases to employ substitutes while clerks are away on their vacations.

The CHAIRMAN. You have appointed a much heavier per cent of clerks during the current year than has been the practice during the first half of the year, and none of these clerks is yet entitled to this leave of absence. Is that not true, Mr. Grandfield?

Mr. GRANDFIELD. Yes; but I think the point is that \$100,000 will only pay for the substitutes for about one-fifth of the clerks in the service. The other four-fifths must take their leave without a substitute being employed. In the larger offices the clerks can take their leave without substitutes, but last year we were compelled to make allowances for substitutes in a great many cases.

The CHAIRMAN. I am talking about the current year. The first half you have spent over \$80,000 in this item, as against a little over \$58,000 last year.

Mr. GRANDFIELD. The last fiscal year there were a great many additional clerks appointed, but it was not as necessary to appoint substitutes in those offices where they were employed.

The CHAIRMAN. What proportion of new clerks allotted for the current fiscal year have been appointed up to the 1st of January; about 98 per cent?

Mr. GRANDFIELD. No, about 80 per cent.

The CHAIRMAN. You have appointed 80 per cent during the first half of the year, and because of that liberal appointment during the first half you have been able to release many of the old clerks upon vacations, and ought not that to reduce the amount of compensation of substitutes rather than to increase it?

Mr. GRANDFIELD. It does, of course.

The CHAIRMAN. How does it come that you have spent \$80,000 during the first six months of this year as against \$58,000 in the year preceding?

Mr. GRANDFIELD. Because during the six months preceding there were nearly double the number of new clerks appointed.

The CHAIRMAN. Then, as I understand it, the more clerks you appoint the less necessity for the employment of substitutes?

Mr. GRANDFIELD. That is true.

The CHAIRMAN. But you seem to argue that the more clerks you appoint the heavier the expense will be for substitutes.

Mr. GRANDFIELD. I don't think so. We have appointed more than twice as many clerks for the first six months of the preceding year as for this year.

The CHAIRMAN. How many clerks did you appoint in the first six months of 1905?

Mr. GRANDFIELD. About twice as many as for the first six months of this year.

The CHAIRMAN. Over 3,000?

Mr. GRANDFIELD. I think so.

Mr. HITCHCOCK. It was my understanding that we were not appointing so many this year as had been appointed during the early months of the preceding year.

The CHAIRMAN. How many clerks were authorized for the fiscal year 1904, Mr. Grandfield?

Mr. GRANDFIELD. I think it provides for about 3,200 clerks.

Mr. HITCHCOCK. We have here a table showing the allowances of clerks in the current year from July to January, inclusive.

The CHAIRMAN. Your judgment is that you could not reduce that item with any degree of safety?

Mr. HITCHCOCK. That is my judgment, and it is the judgment of the people under me who know a great deal more than I do about it. I inquired about that point particularly, Mr. Chairman, and I was informed that the number of clerks allowed during this year, beginning with the 1st of July, was less than had been allowed in the preceding year. I repeatedly asked about it, as the letters came up to me for signature. You recall, Mr. Chairman, that I read to you the increases, the increase for 1905 being \$1,871,000 as compared with \$1,400,000 for the fiscal year 1906.

The CHAIRMAN. The next item is that for temporary clerk hire in first and second class offices. You ask for the same sum. Can you tell what proportion of the appropriation for the current fiscal year was expended up to the 1st of January?

Mr. HITCHCOCK. On the 1st of January there remained unallotted in the appropriation only \$1,018.

The CHAIRMAN. Out of \$150,000 allowed. You expended during 1905 \$131,457.97. Is the heavier expenditure during the last six months due entirely to unusual business at first and second class offices, or absolute shortage of clerks?

Mr. HITCHCOCK. It has been due to both, but more largely to the latter.

Mr. SNAPP. How do you expect to get through the year with less than \$2,000, the balance on hand?

Mr. HITCHCOCK. This is the amount unallotted.

The CHAIRMAN. All of that is unexpended up to the 1st of January, except \$1,018?

Mr. HITCHCOCK. This is what we have remaining unallotted.

Mr. FINLEY. You don't mean that it is all expended?

Mr. HITCHCOCK. No, sir; this will be the amount unallotted on the 30th of June of this year, provided we do not allot any more.

The CHAIRMAN. I call your attention to the proviso in the bill on page 17. The proviso is not recommended by the Department. Have you anything to say as to whether or not it is desired that it should be continued? This proviso is in relation to the employment by postmasters at first-class offices of temporary clerks at the rate of 25 cents an hour during the rush hours of the day.

Mr. HITCHCOCK. We do recommend that it be continued, most

assuredly. It is decidedly in the interest of economy to have that provision.

Mr. SNAPP. If that were not there could not the Department in its discretion get temporary clerks at less than 25 cents an hour, and does not this appropriation fix the compensation at 25 cents per hour?

Mr. HITCHCOCK. I doubt if we could get them for less than that sum.

Mr. STAFFORD. Can you tell us as to the surplus that is now on hand in this item; not the allotted balance, but the surplus on January 1?

Mr. HITCHCOCK. We do not keep our accounts in that way. We carry our allowances to the end of the fiscal year.

Mr. STAFFORD. In that particular item did I understand you to mean that the \$13,000 was the surplus or the balance on hand June 30?

Mr. HITCHCOCK. It is the unallotted balance, as we term it; that is the amount that will remain unexpended on the 30th of June next at the present rate of expenditure.

The CHAIRMAN. The next item is for separating mails at third and fourth class post-offices. The same amount for the last appropriation, \$800,000. Can you tell what proportion of that has been expended?

Mr. HITCHCOCK. The unallotted balance of that appropriation is \$53,477.

The CHAIRMAN. Do you think \$800,000 will be ample for the coming fiscal year.

Mr. HITCHCOCK. Yes; we think it will be ample, and we feel that the appropriation can be reduced hereafter, but we are not prepared to recommend a reduction this year. We do not think it would be safe to recommend it this year.

The CHAIRMAN. Under the operation and practice of the Department, what are the indexes of a change to the lesser amount; how is it being cared for? I mean in the actual operation of the postal service. Why are you going to be able to get along with a less amount? Are you going to take it out of some other fund?

Mr. HITCHCOCK. Because of the discontinuance of post-offices in connection with the extension of rural-delivery service.

The CHAIRMAN. Then the rural delivery is caring for this same service without additional compensation?

Mr. HITCHCOCK. Yes, sir.

The CHAIRMAN. Are there many applications for allowances under this fund that are rejected?

Mr. HITCHCOCK. I think there are a good many that are either rejected or cut down.

The CHAIRMAN. The rule which was promulgated last year is still followed in the method of determining these allowances?

Mr. HITCHCOCK. Yes; there has been no change in that rule.

The CHAIRMAN. The rule which was made public last year, I mean.

Mr. HITCHCOCK. Yes; there has been no change.

Mr. FINLEY. Isn't it true that there are a great many applications which come within the rule of the Department that have not been allowed within the past fiscal year—applications that come strictly within the rule of the Department, entitling an allowance for separating service?

Mr. HITCHCOCK. Not that I am aware of; no, I do not think so.

Mr. FINLEY. I only asked that question because it is based upon

knowledge, and I wished to call your attention to the fact. I approve of the rule of the Department. I think it is a good one, a fair one; but for some reason, and I supposed it was because the appropriation was not large enough, applications are made, and some of them. I presume, pigeonholed and otherwise not allowed. Such is my information, and I do not think I am mistaken about it. I want an explanation. Now, if I am in error——

Mr. HITCHCOCK. So far as I know, we always make those allowances when the cases come within the rule. We don't always allow the maximum, however.

Mr. FINLEY. I understand that. If you are able to do it and you do do it, then of course I am mistaken; but I do not think that I am.

Mr. HITCHCOCK. Of course it is quite possible that some of the reports that have come in to us are wrong. If we are erroneously informed as to the conditions, that of course would be the fault of the report and not the fault of the administrative office.

Mr. SNAPP. I would like to ask, Mr. Hitchcock, how you detect a dishonest count.

Mr. HITCHCOCK. We send an inspector to verify the count.

Mr. SNAPP. In all instances?

Mr. HITCHCOCK. We don't make any allowance, as I understand it, without having the counts verified in that way, provided they are open to suspicion.

The CHAIRMAN. How can he verify a count concerning an application that is already passed?

Mr. HITCHCOCK. He makes another count in all cases of doubt. I should have limited that statement to doubtful cases.

Mr. SNAPP. You take the postmasters' count, and unless there is something that will lead you to suspect that it has not been correct you have another count.

Mr. HITCHCOCK. When there is something suspicious on the face of it we have an inspector go there and ascertain the facts.

Mr. GARDNER. For how long a time is the count continued?

Mr. HITCHCOCK. Six days, as a rule.

Mr. DARRAGH. Would your inspector remain there six days to verify the count?

Mr. HITCHCOCK. No; I understand that he would not.

Mr. DARRAGH. How, then, would you verify it?

Mr. GRANDFIELD. If it is on a railroad, the railway postal clerk would count out the mail that went in and out—the transit mail.

Mr. DARRAGH. Suppose it is on a star route?

Mr. GRANDFIELD. Then the postmaster makes the count.

Mr. DARRAGH. You fall back on the postmaster after all.

Mr. HITCHCOCK. I suppose the inspector would avail himself of every means of information available.

Mr. FINLEY. Then the volume of business done at the office for which the separating allowance is made would be an indication of the receipts.

Mr. HITCHCOCK. Not the receipts at that office, no; because the separating service for transit mail is quite a different thing.

Mr. FINLEY. The volume of business at an office away from a railroad for which the allowance was given—would that be some indication?

Mr. HITCHCOCK. Not the volume of local business.

Mr. GRANDFIELD. I think Mr. Finley means the business transacted at the office for which it is separated.

Mr. HITCHCOCK. Oh, undoubtedly that would be an indication of the amount.

The CHAIRMAN. The next item is, for unusual business at third and fourth class offices. The present appropriation is \$50,000 and you ask for \$75,000. What is your reason for asking a 50 per cent increase in that fund? In your report I infer that the increase of \$25,000 was based almost entirely upon the increase of unusual conditions in Alaska. Is that correct?

Mr. HITCHCOCK. No, sir.

The CHAIRMAN. Will you be kind enough to explain the increase?

Mr. FINLEY. Right there; I notice here on page 80 of the First Assistant Postmaster-General's report under the heading of "Unusual conditions at post-offices," that there is nothing in the recommendation that would limit this to Alaska; so it strikes me that "in Alaska" should come out, if the recommendation is to be carried out.

Mr. HITCHCOCK. I mean "unusual conditions."

Mr. SNAPP. Do you think the bill ought to be changed to read "unusual conditions?"

Mr. HITCHCOCK. My desire is to have a change made that will make it possible to utilize this fund to meet unusual conditions outside of Alaska in the United States, particularly in the mining camps of the West, where, as a matter of fact, there are conditions similar to those in Alaska.

The CHAIRMAN. Is it your construction of the law that no part of this fund can be spent outside of Alaska? Has that been the ruling of the Department?

Mr. HITCHCOCK. Not as I understand it, but it is my understanding that no part of this fund can be now spent outside of Alaska to meet "unusual conditions."

The CHAIRMAN. You mean the term "unusual business" would be more restrictive than "unusual conditions?"

Mr. HITCHCOCK. That is my understanding.

The CHAIRMAN. And the additional \$25,000 which you ask for is more with a view of meeting unusual conditions which may arise in the United States than for any unusual conditions which may arise in Alaska. Is that what you want to be understood as meaning, that this \$25,000 you ask for additional is more especially for "unusual conditions," which will probably arise within the States than within Alaska?

Mr. HITCHCOCK. In general, that is what I mean, though I did not wish to be understood as limiting the \$25,000 to the United States outside of Alaska.

The CHAIRMAN. You spent in the year 1905 a little over \$40,000 out of this item of \$50,000. What proportion of that was expended in Alaska?

Mr. HITCHCOCK. We can not say offhand.

The CHAIRMAN. You had a balance in the last fiscal year of a little under \$10,000.

Mr. HITCHCOCK. At the present time the unallotted balance is only \$3,651.

The CHAIRMAN. What proportion of that which has been allotted can you say has been allotted for conditions in Alaska?

Mr. HITCHCOCK. I don't know; I can not recall.

Mr. GARDNER. What is the office of the final sentence: "The expense of the Alaskan service is responsible for the increase in this appropriation?" Does that mean that the postal service there is so extended that usual conditions in Alaska are demanding an appropriation for unusual business?

Mr. STAFFORD. Mr. Gardner is referring to that note in the bill.

The CHAIRMAN. That is copied from a letter from Mr. Hitchcock. There is nothing in this bill that is voluntary. That language is used in a letter from Mr. Hitchcock in explanation of this estimate.

Mr. HITCHCOCK. As I understand it, Mr. Chairman, we have been expending a considerable part of the \$50,000 for "unusual business" in the United States, and we have been making such expenditures for a number of years. Now, the expenditures for "unusual conditions" in Alaska are encroaching upon the fund very rapidly, owing to the development of the large mining camps there. At the same time some mining camps are being developed in the West that need similar assistance. While I am unable to say offhand just what proportion of this \$50,000 has been expended in Alaska in the past year, I know the expense is increasing very rapidly.

The CHAIRMAN. If I understand you, your recommendation is an increase of an additional \$25,000 in this item, and to change the law from the expression "For unusual business," to the expression "For unusual conditions." Is that your recommendation?

Mr. HITCHCOCK. We wish simply to make it available for those "unusual conditions" in addition to the "unusual business."

Mr. GARDNER. "For unusual business and by reason of unusual condition at third and fourth-class post-offices, \$75,000." How would that do?

Mr. HITCHCOCK. If you will cut out the words "In Alaska," it seems to me—

The CHAIRMAN. Do you recommend the omission of the proviso in the current law?

Mr. GARDNER. As I understand it, he wants the words in regard to Alaska stricken out.

Mr. HITCHCOCK. There is one other point. It reads now "For unusual business at third and fourth-class post-offices," and it is desirable to have it applicable also to second-class post-offices, for the reason that some of these mining camps have gone up to the second-class.

The CHAIRMAN. Why can't you draw on your item for temporary clerks in those offices to meet that contingency?

Mr. HITCHCOCK. We can not pay enough out of that appropriation to get the employees in these camps.

Mr. GARDNER. I think that that question does not enter into it. "For unusual business at third and fourth class post-offices." "Unusual business" is a thing by itself. "Unusual conditions" would reach offices of all classes.

The CHAIRMAN. As I understand your suggestion, the striking out of the words "in Alaska" and the raising of this appropriation by \$25,000 would enable you to meet just the conditions you speak of.

Mr. HITCHCOCK. Providing it is so construed as to make it applicable to second-class post-offices also.

The CHAIRMAN. Does not the proviso make it applicable everywhere?

Mr. HITCHCOCK. It seems so to me.

Mr. SNAPP. The plain construction of that proviso is a limitation upon the first clause "for unusual business at third and fourth class offices."

Mr. GARDNER. It never has been so held or administered.

The CHAIRMAN. Are there any second-class offices in Alaska?

Mr. GRANDFIELD. Not now.

Mr. GARDNER. Using this money for unusual business is a different thing from using it for unusual conditions.

Mr. STAFFORD. Is not this item the one which the Comptroller or Auditor has construed to mean that if the conditions exist throughout the year in a place that it can be considered as "unusual business?"

The CHAIRMAN. That is, continuing conditions.

Mr. STAFFORD. And the First Assistant seeks to reach a case like those in the mining camps in Nevada, where the conditions continue throughout the year just the same as they do in Alaska. We had to put in this provision to reach the Alaska cases; and now the First Assistant seeks to extend it to like conditions in Nevada, in order to overcome the holding of the Auditor, so we will have to frame the phraseology to meet those conditions.

Mr. FINLEY. Will not this clause with the proviso simply permit the Postmaster-General to expend this \$75,000 wherever he sees fit for the good of the service?

The CHAIRMAN. Where, in his judgment, unusual conditions may arise.

Mr. FINLEY. Still, I am inclined to think that the proviso is a limitation.

Mr. GARDNER. It has no relation to any unusual conditions.

The CHAIRMAN. The next item is for allowances at third-class post-offices. You ask for an increase; \$750,000 is the current law, and you ask for \$900,000. The language within the brackets is the current law and the italics are your recommendation. First, I would like to have you explain to the committee the necessity for the increase of \$150,000.

Mr. HITCHCOCK. Mr. Chairman, all I can say about it is that in the judgment of my assistants and myself, based upon the numerous applications we have received from third-class postmasters, and the statements that have been made to us by such postmasters, this appropriation ought to be increased.

The CHAIRMAN. Can you tell us the amount of the allotment of the fund under the current law?

Mr. HITCHCOCK. We have allotted of the \$750,000 appropriated \$647,050, leaving an unallotted balance of \$103,000.

Mr. SNAPP. In your opinion would it be necessary to increase this amount to \$900,000 if that provision in last year's appropriation bill was made a permanent law?

Mr. GRANDFIELD. Do you mean if we allowed the maximum in all cases?

Mr. HITCHCOCK. That would make it very much larger. We do

not begin to allow the maximum provided for in this statement in the law.

Mr. FINLEY. What would be the amount in the event that was enacted into a permanent law?

The CHAIRMAN. That language does not fix anything.

Mr. GARDNER. On what basis was your suggestion, Mr. Snapp, that if that was enacted into permanent law, it would change the allowances?

Mr. SNAPP. My question was based upon my supposition that they were allowing the full amount.

The CHAIRMAN. They are not all up to the full amount of the items enumerated in that proviso?

Mr. GRANDFIELD. No.

The CHAIRMAN. Are any of them?

Mr. GRANDFIELD. Yes.

The CHAIRMAN. Have you any data at hand which would indicate what proportion of the third-class offices have this allowance in full?

Mr. GRANDFIELD. Very few, because it would require an appropriation of \$1,200,000 and more to allow the maximum in all cases.

Mr. GARDNER. We have appropriated a half million dollars less than what would be required to give them the maximum.

Mr. GRANDFIELD. Yes.

The CHAIRMAN. Mr. Hitchcock, why do you recommend the language which appears in the italics, "Clerk hire at third-class post-offices, \$900,000," instead of the arrangement which the current law provides?

Mr. HITCHCOCK. I did not understand that it was the intention of the Department to have this cut out. Our purpose was to have that left in.

The CHAIRMAN. Your purpose was to leave the language as it is and raise the amount?

Mr. HITCHCOCK. In every such case that was our purpose, Mr. Chairman.

Mr. FINLEY. I don't know whether I quite understand. This is an item that concerns me—my people—about as largely, or more largely, than any other in the bill. I observe here that the first part of this paragraph reads: "For the allowance to third-class offices, because of clerical service, \$750,000;" then, after the proviso in italics: "Clerk hire at third-class post-offices, \$900,000." Do I understand that you would have \$900,000 with which to make your allotments, or that you would come up, if necessary, to the \$900,000 if you had it?

Mr. HITCHCOCK. Most assuredly.

Mr. FINLEY. What is the necessity for the \$750,000 as appears in the first paragraph?

The CHAIRMAN. Mr. Finley, that is simply the arrangement for the convenience of the committee to show that that in brackets is the current law.

Mr. FINLEY. Isn't it true that you have had numerous persistent applications for allowances out of this fund at a number of third-class offices?

Mr. HITCHCOCK. There is complaint all along the line that we are not allowing enough for this service. I had a computation made, and I find that if the appropriations were allotted evenly to all third-

class offices it would give to each office about \$175, and if we got this additional amount we could allow an average of \$225.

Mr. FINLEY. You do not find it practicable to give them all the same allowance?

Mr. HITCHCOCK. We could not.

Mr. FINLEY. I mean even when the receipts and salaries are the same.

Mr. HITCHCOCK. It would depend, of course, upon the conditions at the office.

Mr. FINLEY. That is my understanding, that all \$1,400 offices, say, would not receive the same allotment from this fund, necessarily.

Mr. HITCHCOCK. You are quite right about that.

Mr. FINLEY. But is there not a demand for an increase in this service that is as potent as in any other branch of the service?

Mr. HITCHCOCK. I think that this is one of the places where an additional appropriation is greatly needed. That is my judgment, and that is the judgment of the Department.

Mr. FINLEY. It is needed for the good of the service?

Mr. HITCHCOCK. As a measure of economy.

Mr. FINLEY. I entirely agree with you about that.

The CHAIRMAN. The next item on page 19 of the bill is the item for rent, light, and fuel. The present appropriation is \$2,800,000, and you recommend \$3,000,000 for the next year, an increase of \$200,000; or 7.14 per cent. Is that recommendation based upon a larger number of buildings to be rented or an increase in rent of the buildings already leased?

Mr. HITCHCOCK. It is based upon both of those factors. I think it would be pretty hard to say which was the greater. We are obliged to house more post-offices each year.

The CHAIRMAN. What is the practice in your Bureau as to the term of leases—the general rule?

Mr. HITCHCOCK. The general rule is ten years, but if we think it desirable from a business point of view we make it five years, and sometimes even less than that.

The CHAIRMAN. Are those leases expiring all the while, or do you have them expire at stated periods?

Mr. HITCHCOCK. They are expiring all the time; there is no fixed date for the making of leases.

The CHAIRMAN. I call your attention, Mr. Hitchcock, to the proviso on page 19, within the brackets. There is no recommendation as to whether or not you desire that provision continued.

Mr. HITCHCOCK. We approve of that, and I will say in general that it was our intention to recommend the language of the bill in every case where we have made no specific change.

Mr. GARDNER. Is it or is it not true that it continually costs more for heating? The high price of fuel being one thing, and another thing, Does not the public demand from year to year that post-offices be more comfortably heated; that they are not satisfied any more with a little stove in one corner of a post-office, where you can get warm if you want to, but they demand more heat?

Mr. HITCHCOCK. My own impression is that the public is demanding better things every day in these times. That was one of the points that I tried to make in replying to the Chairman on the question of increased expenditure. We are obliged to give better service.

Mr. GARDNER. And keep the post-offices more comfortable?

Mr. HITCHCOCK. Yes, sir.

Mr. STAFFORD. What is the unexpended allotment out of this item for the current year?

Mr. HITCHCOCK. \$65,493.

Mr. STAFFORD. Is it anticipated that any of that unexpended allotment will be used before the end of the year?

Mr. HITCHCOCK. It will be necessary to use some of that balance, because of the fact that additional leases will be expiring.

Mr. STAFFORD. Can you estimate how much will be needed for that purpose?

Mr. HITCHCOCK. No; I can not. I do not know just how we could get at that without going over all the lease cases, and then it would be a question, because we have to ascertain the existing conditions in each place where a lease is expiring before making a new lease.

Mr. FINLEY. Do you not find that as the leases expire, as a general rule, you are compelled to renew them at a higher rate?

Mr. HITCHCOCK. As a general rule; I was going to say almost invariably, because the post-offices are growing and they usually need larger quarters at the end of a lease.

Mr. FINLEY. I think you would be correct in saying invariably.

Mr. HITCHCOCK. I think so. We are obliged with some frequency to cancel leases because the post-offices outgrow the old quarters, and it thus becomes necessary to obtain larger quarters.

Mr. FINLEY. Referring to the proviso in this paragraph, that applies to buildings other than post-office buildings, does it not? I mean, it includes that.

Mr. HITCHCOCK. Not buildings other than those used for post-office purposes.

Mr. FINLEY. I know; it is post-office purposes, but not for post-offices proper; I mean the office.

Mr. HITCHCOCK. It has been necessary to lease a storeroom, in a few cases, as an adjunct to the post-office.

Mr. FINLEY. Can you state about how much of this appropriation is used for that purpose?

Mr. HITCHCOCK. It occurs at large offices usually. The most important case of that kind is in New York City, where we have been obliged recently to lease a building to provide the New York post-office with a storehouse for supplies. The leased building is devoted also to several other uses, with the object of relieving the congested condition of the main office. We have moved into it, for instance, the printing establishment of the post-office. We have incidentally established in that building a postal station to meet the needs of the immediate neighborhood and to relieve to that extent the main office.

Mr. FINLEY. At what rental?

Mr. HITCHCOCK. About \$10,000 a year. It is a large fireproof building, six stories, I think, on the corner of Jay and Greenwich streets, New York. That is the most important case of the kind, and I should say, if my information is correct, that in addition to the rental for that building there are only a few thousand dollars expended in this manner.

Mr. FINLEY. When the New York City post-office is completed there will be no necessity for this.

Mr. HITCHCOCK. We hope not; we hope that a building will be provided that will fully meet the needs of the service.

Mr. FINLEY. Would the Government be the gainer in owning its buildings in practically all places where it has a second-class office?

Mr. HITCHCOCK. That is a pretty hard question to answer.

Mr. FINLEY. About what amount of money is expended by the Government here in the city of Washington for rents for the postal service?

Mr. HITCHCOCK. For the entire postal service? The city post-office is a Government building, as you know, and the only rentals for the postal service at large are those paid for quarters for the several stations—the various substations in Washington—and I do not happen to know what the total expense is.

Mr. FINLEY. Including the departmental service, about what would it amount to, the Post-Office Department service in the city of Washington?

Mr. HITCHCOCK. Well, I should say that would amount to a considerable sum. However, that is a matter that does not come under my jurisdiction; it belongs to the chief clerk of the Department; but there is a statute which requires that each year the several departments in Washington shall submit to Congress a statement showing the buildings leased in the District of Columbia, with the amount of rental paid. Undoubtedly there is a report on that subject. It is a considerable sum, but I do not know just how much. We have leased a building for the supply division, and a building for the mail bag repair shop.

Mr. FINLEY. None of that comes out of this appropriation?

Mr. HITCHCOCK. No, sir. Another building is leased for the overflow of the clerical force. But that, too, is departmental.

The CHAIRMAN. The next item provides under the current law for \$225,000 for necessary and miscellaneous incidental items directly connected with first and second class post-offices, including the furniture, cleaning, and all other matters not specifically provided for in other appropriations. What has been the allotment for that under the current law?

Mr. HITCHCOCK. The expenditure thus far amounts to \$210,063.

Mr. SNAPP. To the 1st of January?

Mr. HITCHCOCK. No; that is not to the 1st of January, but to the 30th of June next. That leaves an unallotted balance of \$14,937.

The CHAIRMAN. Will not part of that amount of money probably be used, or will that show an unexpended balance at the end of the year?

Mr. HITCHCOCK. My impression is that we shall require every cent of that sum, and it will be difficult to get along with that.

Mr. SNAPP. You would use more if you had it?

Mr. HITCHCOCK. I think we could use to good advantage a larger sum if we had it.

The CHAIRMAN. What is the greater proportion of this fund used for, what particular item; furniture, cleaning, and what?

Mr. HITCHCOCK. Cleaning is an important item, and I may say that we receive more complaints, I believe, from postmasters on the ground that they are not allowed enough to keep their offices in proper condition than on any other ground. They are not allowed enough for cleaning.

The CHAIRMAN. Does not part of this fund go for the care of buildings that are owned by the Government?

Mr. HITCHCOCK. That is appropriated for under the Treasury Department.

Mr. SNAPP. Does it go toward cleaning the furniture of such buildings owned by the Government?

Mr. HITCHCOCK. We do not make any allowances whatever in such cases. The Treasury Department is supposed to care for those buildings. The custodian is provided with the necessary force and with an appropriation for that purpose.

Mr. SNAPP. I didn't know whether it came out of this item or whether the Treasury Department is entirely in charge of the buildings owned by the Government.

Mr. HITCHCOCK. That is another appropriation entirely.

The CHAIRMAN. What other matters are engrafted upon this fund? The language of the appropriation is: "Including furniture, cleaning, and all other matters?"

Mr. HITCHCOCK. Telephone service, drayage, expressage, and any such supplies as are purchased by the postmaster on allowances. And, by the way, I ought to say that in the reorganization of the Department we have made some radical changes, and it is proper for me to explain about it now, because a part of this appropriation will be asked for by the Fourth Assistant Postmaster-General. We have taken out of this item the various articles that can be supplied readily through the general supply division.

The CHAIRMAN. Then could you not cut under the last appropriation?

Mr. HITCHCOCK. We could if it were not for the necessities of the case.

Mr. SNAPP. How much have you taken out that has gone into the supply department?

Mr. HITCHCOCK. For the remainder of the year we have taken out \$5,000 and transferred it to the Fourth Assistant Postmaster-General; and that should be deducted, by the way, from the \$14,937 balance I just mentioned. We will have to use \$9,937 in the manner I have just described to meet these various expenses, and also to purchase various articles that can not be supplied readily through the general supply division.

Mr. SNAPP. Next year, however, it would leave you the full amount, \$250,000, to expend for this purpose.

Mr. HITCHCOCK. The increase is in reality larger than \$25,000 for that reason.

Mr. SNAPP. The increase is really \$30,000.

Mr. HITCHCOCK. It is in reality larger than that, for the reason that \$5,000 is the amount of the fund allotted to meet the needs of the transferred service for half a year only. It is in reality, \$35,000, Mr. Chairman.

The CHAIRMAN. By reason of these transfers?

Mr. HITCHCOCK. By reason of these transfers.

The CHAIRMAN. If you enlarged it that much, could you not get along with less than \$200,000? The more items you take out, the more funds you have remaining?

Mr. HITCHCOCK. We take out only about \$10,000 for the entire year, and it is our judgment that it would be good business to increase that fund considerably.

The CHAIRMAN. What furniture does that cover? It says "including furniture." What class of furniture—I mean in the current law? If you will turn to the item on page 19 of the bill, Mr. Hitchcock, you will see what the language of the law is.

Mr. HITCHCOCK. I am glad, Mr. Chairman, that you raise that point, because it has not been the practice of the Department to utilize that appropriation to any extent for the purchase of furniture.

The CHAIRMAN. It has not been the practice heretofore?

Mr. HITCHCOCK. It has not been the usual practice. When it became necessary to provide the additional building for the New York City post-office, it seemed desirable for the Government to equip that building itself. We could make better terms by doing that.

Mr. SMALL. Did you not sometimes equip with furniture second and third class offices in quarters that are rented?

Mr. HITCHCOCK. Sometimes, but rarely.

Mr. SMALL. Does that come out of this item?

Mr. HITCHCOCK. Yes; it comes out of this item. There are some other cases of the kind. There are only a few of them, however. Occasionally we do that.

Mr. SNAPP. Mr. Hitchcock, will you let me call your attention to the bottom of that page, showing the estimated increase of this appropriation of 11.11 per cent? If this is an increased appropriation of \$25,000, should not that proportion be increased also?

Mr. HITCHCOCK. That is right. You are quite right.

Mr. SNAPP. Are you able to say what that increase of percentage would be?

Mr. HITCHCOCK. Not offhand. That would have to be computed. This all grows out of changes made in the Department, and those changes were subsequent to the formulation of those estimates.

Mr. STAFFORD. How much of this amount is used for the purpose of cleaning the premises?

Mr. HITCHCOCK. Last year it was \$72,869.

Mr. STAFFORD. You mean the fiscal year 1905?

Mr. HITCHCOCK. Yes.

Mr. STAFFORD. Have you before you any data showing the expenditure for any other items?

Mr. HITCHCOCK. Telephone rental, which is the next largest item, amounted to \$65,095, and directories, \$12,127. These three are the principal items. They take up, you see, a large part of that appropriation.

The CHAIRMAN. Are there any other questions, gentlemen?

Mr. SNAPP. I would like to ask Mr. Hitchcock: What, in your judgment, ought this appropriation to be, provided new furniture of any description were purchased out of this fund?

Mr. HITCHCOCK. Well, the amount expended for furniture is a very small part of the total.

Mr. SNAPP. I mean for the next year.

Mr. HITCHCOCK. It would not make any material difference in the amount. It is only occasionally that the Department uses it for furniture, only in cases where it is manifestly better business to do it, as was the case in New York.

Mr. SNAPP. Better than to purchase it through the regular supply department in the Post-Office Department?

Mr. HITCHCOCK. No; you see the furniture is provided for these buildings by the lessors under the contract, and in the case of Government buildings the furniture is put in by the Treasury Department as a part of the equipment of the buildings.

Mr. SNAPP. In this instance, of this building you have rented in New York City, the Government had to furnish it under the terms of the lease?

Mr. HITCHCOCK. We found that we could make better terms by supplying the furniture ourselves.

Mr. SNAPP. And you found that you could make better terms than by having it purchased through the regular supply department?

Mr. HITCHCOCK. No, than by having it furnished by the lessors.

Mr. SNAPP. Ordinarily that would be furnished under the regular supply department?

Mr. HITCHCOCK. No; furniture is not included in the category of supplies.

The CHAIRMAN. Under the supply department?

Mr. HITCHCOCK. Furniture, of course, is furnished by the lessors in the leased buildings and by the Treasury Department in Government buildings.

Mr. SNAPP. In a case like the one you mentioned in New York, where you thought it better business for the Government to furnish it, should it not ordinarily come through the supply department?

Mr. HITCHCOCK. It was a question whether we should require the lessors of that building to put in the equipment and furniture, as is usually the case in buildings leased for post-office purposes, or whether we should utilize this appropriation and buy it ourselves. It was a peculiar case. It was not a post-office exactly; it was an annex to a post-office.

The CHAIRMAN. You do not know now of any further need of that word "furniture" in this item?

Mr. HITCHCOCK. I do not think it would be absolutely necessary, Mr. Chairman; but there are cases where it would probably be a saving to the Department to have the appropriation worded in that way, because sometimes lessors do not wish to supply the equipment.

The CHAIRMAN. But the amount expended for furniture is so very slight that it would make no difference in your recommendation?

Mr. HITCHCOCK. None whatever; it is so small.

Mr. SNAPP. I have no doubt you are right in that instance, but after it was determined by the Government to get the furniture why was it not gotten through the regular supply department?

Mr. HITCHCOCK. Because the appropriations that are handled through the Division of Supplies would not cover such an expenditure. Furniture is not in the category of supplies.

Mr. SNAPP. That is what I was trying to get at.

Mr. GARDNER. Furniture in this item means post-office furniture—boxes, and things?

Mr. HITCHCOCK. Yes; equipment and necessary articles of furniture to make up the complete working equipment of the post-office.

Mr. SNAPP. I suppose the supply department is authorized to purchase any supplies that the Department wants—things that are necessary?

Mr. HITCHCOCK. No, the items are specified.

The CHAIRMAN. There is authority now for the supply department to furnish furniture either for city delivery or for rural delivery, but not for the furniture equipment?

Mr. HITCHCOCK. Yes; we buy many special articles of furniture for the city and rural delivery services.

Mr. SNAPP. The instance in New York City was a peculiar one?

Mr. HITCHCOCK. Yes. It was not a post-office building. It was an annex to a post-office, and the equipment required was of a peculiar nature. We found that we could save money by using this appropriation and putting in the equipment ourselves.

Mr. GARDNER. What furniture would that item include? What did you purchase outside of equipment? Chairs? Are chairs a part of the furniture as much as boxes?

Mr. HITCHCOCK. Oh, yes; I should say so: desks, and chairs, and various other articles of furniture usually found in a post-office.

Mr. GARDNER. Furniture here really means equipment and furniture?

Mr. HITCHCOCK. Yes; except the articles used in the two services that the chairman mentioned as being specifically provided for.

Mr. GARDNER. I know; but you would call a row of boxes and a half dozen chairs furniture alike? Some would be post-office furniture and the other ordinary furniture.

The CHAIRMAN. The next item is on page 20 of the skeleton bill, formerly providing an appropriation for advertising and purchase of newspapers containing advertisements contracted for under this appropriation. You recommend that it be discontinued?

Mr. HITCHCOCK. We do not submit any estimate under that item.

The CHAIRMAN. That is for the reason expressed in your report, that so small a percentage of letters remains uncalled for, and because of the practice on the part of the newspapers of printing free of charge these lists, there is no necessity of carrying that further?

Mr. HITCHCOCK. Yes. We made a careful investigation of that whole matter and the result is shown in our action here. We decided not to submit that estimate.

Mr. SNAPP. Those letters find their way to the dead-letter office sooner without advertisement than by advertisement?

The CHAIRMAN. They are advertised by posting notices in the post-offices, and in almost all instances the local papers, free of charge carry the lists, and the appropriation is no longer needed.

Mr. GARDNER. The suggestion has been frequently made that there are one or two special magazines in the country, or publications, taken almost universally by the traveling people, and that if the general local advertisements of letters were entirely discontinued and the advertisements were made in these one or two special publications, they would reach their destination. For instance, a large amount, a large percentage of letters that go to the Dead-Letter Office, are addressed to theatrical people traveling from town to town, and another large amount is addressed to commercial travelers, etc. Has that been considered in your time?

Mr. HITCHCOCK. No, sir, Mr. Gardner; I do not think I have heard of that suggestion before.

Mr. GARDNER. I have heard of that from traveling people who have got to know me and who come to me on the trains and pound

away at me about that. They say they could get their letters by two or three advertisements, whereas the 5,000 advertisements throughout the country have not been of any use to them.

The CHAIRMAN. The next item is for rental or purchase of canceling machines. You ask for an increase of \$50,000 for that item. What is the necessity for that? Is it for new machines, or is it for repairs to old ones?

Mr. HITCHCOCK. It is for both, but chiefly for new machines. By new machines I do not mean additional machines altogether.

Mr. FINLEY. New types?

Mr. HITCHCOCK. Substitutes for those that are wearing out.

Mr. GARDNER. What is done with so-called worn-out machines?

Mr. HITCHCOCK. Those that belong to the Department, when they become useless, are disposed of in the usual way as provided by statute.

The CHAIRMAN. What I wish to learn from you is whether you propose to use this increase of appropriation in the renting of machines or in the purchase of machines? You state in your report that practically 200 of the Doremus hand-power machines which are now the property of the United States are practically wearing out and will be retired. If this \$50,000 additional were authorized, would it be expended in rental or in purchase?

Mr. HITCHCOCK. In renting.

The CHAIRMAN. Your plan is for rental rather than purchase?

Mr. HITCHCOCK. Our policy would be a rental policy.

The CHAIRMAN. Is there any change in the rate of renting these machines? Are there any evidences of a reduction of rent on these machines, or will the rate remain about the same?

Mr. HITCHCOCK. I have not seen much evidence thus far indicating that we will be able to make a reduction.

The CHAIRMAN. So long as the rent is so high, would it not be economy for the Government to buy rather than to rent?

Mr. HITCHCOCK. Well, it is a matter that has had very careful consideration in the Department, and the weight of opinion there seems to be decidedly in favor of renting these machines.

Mr. HEDGE. Who keeps these machines in repair?

Mr. HITCHCOCK. The lessors maintain the machines in running order and that is an item of considerable expense. They send their representatives about to do that.

Mr. GARDNER. You have had experience which furnishes a basis of comparison as to the machines which the Government does own, 200 of which you say are now wearing out and will have to be retired this year?

Mr. HITCHCOCK. Yes.

Mr. GARDNER. So that you have a basis of experience for your conclusions, rather than conjecture?

Mr. HITCHCOCK. Yes; that is true so far as that is concerned.

Mr. HEDGE. I suppose that repair is provided for in the lease?

Mr. HITCHCOCK. Yes; there is a stipulation in the contract that they shall keep them in proper condition.

The CHAIRMAN. What impairment would there be, Mr. Hitchcock, if there were no increase under this item?

Mr. HITCHCOCK. I am very firmly of opinion, Mr. Chairman, that it will mean economy to provide these additional machines. I have

discussed the matter with a number of the postmasters at large cities, where most of this work is done by machines, and it is their universal judgment that the utilization of these machines, even at the high rentals now required, is a measure of economy.

The CHAIRMAN. Will this money—this additional appropriation asked for—be expended in the replacing of machines that are giving way in offices where they are now employed, or in providing machines in offices where they do not have them now?

Mr. HITCHCOCK. It will be expended in both ways; in replacing the worn-out machines which the Government owns, and also in supplying machines to offices that have grown large enough to make it a measure of economy.

Mr. SNAPP. Would you replace these Doremus machines that have worn out by purchase or by lease?

Mr. HITCHCOCK. By lease.

Mr. SNAPP. The same or different?

Mr. HITCHCOCK. A different machine.

Mr. SNAPP. You abandon the Doremus?

Mr. HITCHCOCK. Yes.

The CHAIRMAN. What do you regard as the best machine, judging from your experience in the Service?

Mr. HITCHCOCK. The general opinion, Mr. Chairman, is that the machine for which we pay the highest rental is decidedly the best.

The CHAIRMAN. What is the name of it?

Mr. HITCHCOCK. It is called the "Flyer," of the International Postal Supply Company.

Mr. GARDNER. What do these Doremus machines cost? What did they cost the Government to purchase them? I see the Government has leased 200 that are wearing out and will have to be retired. What did they cost apiece?

Mr. GRANDFIELD. \$325.

The CHAIRMAN. How long have they been used?

Mr. GRANDFIELD. Seven or eight years.

Mr. SNAPP. How many does the Government own of that type of machine?

Mr. GRANDFIELD. Four hundred.

Mr. FINLEY. Generally, is it not a fact that great improvements have been made in canceling machines, and that they are going on now?

Mr. HITCHCOCK. Yes.

Mr. FINLEY. Are there not some new machines placed on the market?

Mr. HITCHCOCK. Yes; there is a new machine about to be placed on the market that appears to compare favorably with the Flyer.

Mr. FINLEY. What machine is that?

Mr. HITCHCOCK. It is a machine manufactured by a company calling itself, I think, the Time-Marking Canceling Machine Company, of Chicago, Ill. We have given the machine several tests during the last few months.

Mr. FINLEY. Do you know who the inventor is?

Mr. HITCHCOCK. I am not sure who the inventor of that machine is, I am sorry to say. I have seen several of their representatives, but I never ascertained who was the inventor.

Mr. FINLEY. That is the highest-priced machine, is it?

Mr. HITCHCOCK. We pay \$400 a year rental for the "Flyer."

Mr. GARDNER. What proportion did the 200 machines that are wearing out bear to all the machines that are in the service?

Mr. HITCHCOCK. On the 30th of June, last year, we had about a thousand rented machines in use.

Mr. GARDNER. That is about one-fifth?

Mr. HITCHCOCK. That is, a thousand in addition to the Doremus machines.

The CHAIRMAN. Are there any other questions on that, gentlemen?

Mr. STAFFORD. Yes, Mr. Chairman. How far have the experiments gone in relation to this new machine now being manufactured by the Time-Marking and Canceling Machine Company?

Mr. HITCHCOCK. The preliminary tests have been completed. The Department began to test that machine over a year ago, but during my incumbency there have been several additional tests.

Mr. STAFFORD. What are the results of those tests?

Mr. HITCHCOCK. At each time until the last we have decided that they had not perfected the machine sufficiently to warrant our making a lease, but at the last test the machine did so well that we felt we would be warranted in leasing two or three of them, and in giving them the practical test of use in large post-offices.

Mr. STAFFORD. What rental does the Department intend to pay for this machine?

Mr. HITCHCOCK. I believe they ask \$350.

Mr. STAFFORD. Did not that same company previously offer to rent machines for a rate in the neighborhood of \$150 each?

Mr. HITCHCOCK. Not that type of machine. They have experimented with several machines.

Mr. STAFFORD. Have you entered into any contract with this company?

Mr. HITCHCOCK. We have entered into a contract for the lease of these few machines.

Mr. STAFFORD. Does that contract embody any option to the Government that in case they work satisfactorily the Government will have the right to purchase them?

Mr. HITCHCOCK. No, sir; we have not succeeded in persuading the company to accept that stipulation.

Mr. STAFFORD. Have you made any attempt to obtain such a privilege on the part of the Government?

Mr. HITCHCOCK. I did. I suggested that that stipulation be put into the contract, but thus far they have not been willing to accept it. I wanted to have such a stipulation made a part of the contract.

Mr. STAFFORD. Of this additional amount of \$50,000, how much is intended to be used for replacing the 200 discarded Doremus machines?

Mr. HITCHCOCK. It would be pretty hard to answer that question. It would depend upon the kinds of machines we substitute for the Doremus in the offices to which we allot them.

Mr. STAFFORD. In the great offices have you these canceling machines placed?

Mr. HITCHCOCK. You mean the Doremus?

Mr. STAFFORD. Any canceling machine.

Mr. HITCHCOCK. They are used altogether in first and second class offices.

Mr. STAFFORD. Is it not the policy of the Department to supply all second-class offices with canceling machines, or is there some grade in second-class offices which is the line of demarcation, according to which they shall be furnished or not?

Mr. HITCHCOCK. We do not place the canceling machines at present in any offices showing receipts under \$12,000.

Mr. STAFFORD. Have any offices having receipts of less than \$12,000 been supplied with canceling machines?

Mr. HITCHCOCK. Not that I am aware of.

Mr. STAFFORD. The Department at present, as in the past, has different types of canceling machines, for which they pay much less rental than \$400 a year?

Mr. HITCHCOCK. Yes.

Mr. STAFFORD. What are the results from the use of those machines to justify the Department in adopting a lower-rental machine for these smaller offices?

Mr. HITCHCOCK. As a matter of fact, we are now using some of these lower-rental machines in the smaller offices. It depends upon the character of the work. The "Flyer" can be used to best advantage and with greatest economy where the volume of business is very heavy. It can be used advantageously in offices where some of these other machines would not do at all. On the other hand, it would be poor economy to put the "Flyer" into some of the smaller second-class offices.

Mr. STAFFORD. The Hey-Dolphin "Flyer" is the most perfect of all these machines, is it not?

Mr. HITCHCOCK. It is apparently the most perfect in its operation of all these machines that are now rented, with the possible exception of this new machine, which is still undergoing practical tests.

Mr. STAFFORD. In the last year or two there have not been many changes, so far as improvements are concerned, in the Hey-Dolphin "Flyer?"

Mr. HITCHCOCK. I do not think they have made any material changes in the "Flyer" since I have been in the Department.

Mr. STAFFORD. Do you know whether the Post-Office Department has the authority or the privilege, in case the contractors refuse to give the Government the right to purchase the machines, of appropriating them, as the Navy Department has over any utility they may see fit to use, and then allow the contractor to go to the Court of Claims to have an award made for the use of the machine which they have appropriated?

Mr. HITCHCOCK. That is a question of law, and I do not think I can answer it offhand, although I doubt if there is such authority so far as the postal service is concerned. The exigencies of war are quite different from the exigencies of the postal service.

Mr. STAFFORD. I understand the Navy Department exercises that right not only in time of war, but also in time of peace. Has that matter ever been presented to the attention of the Department?

Mr. HITCHCOCK. Not so far as I know. It has not been brought to my attention.

Mr. STAFFORD. If this canceling machine has reached the stage of perfection which you state it has reached, why should not the argument of the Postmaster-General, as embodied in his report, recom-

mending the governmental ownership of the pneumatic-tube lines, be applied and extended also to these canceling machines?

Mr. HITCHCOCK. That recommendation is based upon the supposition that the pneumatic-tube lines would be acquired by purchase in the usual way and not that they would be appropriated by the Government.

Mr. STAFFORD. Acquired by contract, giving a stipulation investing the Government with a right to purchase before the end of a certain period?

Mr. HITCHCOCK. Of course the owners of these canceling machines rely upon their patent rights, and whether or not it would be possible for the Government to overthrow those rights on the ground you suggest, I do not know.

Mr. STAFFORD. Do you know when the patent rights expire?

Mr. HITCHCOCK. I imagine there is a series of patents covering these machines, and I presume the various patents would expire at different times.

I want to say, Mr. Stafford, in reference to your suggestion, that I urged the prospective lessors of these new machines to put into the contract a stipulation giving the Government the right to purchase at the end of a certain time. I do not wish to imply by this that I then favored the purchase of the machines; I simply thought that as a business-like measure it would be wise to put such a stipulation in the contract at the very outset.

Mr. STAFFORD. Have you attempted to exact the same privilege of other lessors of these canceling machines?

Mr. HITCHCOCK. I asked to have that done, I think, in every instance; in every contract for canceling machines.

Mr. STAFFORD. What has been the result?

Mr. HITCHCOCK. They have not consented to the stipulation in any instance.

Mr. SNAPP. What is the lowest rental paid for a machine?

Mr. HITCHCOCK. We pay \$80 a year for a machine that is supplied by the American Postal Machine Company; but that is a hand-power canceling machine.

Mr. SNAPP. That is what I wanted to know; how you were going to replace 200 Doremus machines that are now owned by the Government and rent other machines and come within your estimated appropriation of \$275,000. That is only an increase of \$50,000 a year.

Mr. HITCHCOCK. I do not mean to say that these Doremus machines will all drop out of use simultaneously; they are gradually wearing out, and I presume we shall have to replace quite a number of them during the fiscal year.

Mr. SNAPP. You do not mean that they will all have to go out of business at the end of the year, but gradually?

Mr. HITCHCOCK. Yes.

Mr. GARDNER. The General has said twice that they did not propose to replace these by purchase, but to substitute rented machines for worn-out purchased ones.

Mr. SNAPP. Yes, I know; but I wanted to know how the Government would replace 200 owned machines by renting 200 others from an additional appropriation of only \$50,000.

Mr. HITCHCOCK. You understand, of course, that \$50,000 would rent more than that number of machines?

Mr. SNAPP. It would depend on how much you paid for them. At \$400 a year it would not come near that amount.

Mr. HITCHCOCK. It would naturally depend on the kind of machine and the amount of the rental.

Mr. SNAPP. Your note says that these 200 Doremus machines are rapidly wearing out and will have to be retired during the year. I take it that means this fiscal year, so that at the beginning of the next fiscal year you have got to provide for supplying substitutes for these 200 Doremus machines in some way.

Mr. HITCHCOCK. That is very true, but those machines would doubtless go out of service during the year from time to time.

Mr. SNAPP. During this year, you mean?

Mr. HITCHCOCK. Are you not assuming that all of these machines would go out on the first of the year?

Mr. SNAPP. During the fiscal year?

Mr. HITCHCOCK. They would be distributed along through the fiscal year, and would not begin to take up all the appropriation.

Mr. SNAPP. You mean they would be distributed through the next fiscal year?

Mr. HITCHCOCK. Yes.

Mr. SNAPP. I understood the note meant they would go out some time this fiscal year.

The CHAIRMAN. Some members of the committee wanted to stop on account of engagements, and they are interested in this next item, for the salary and allowance division. Unless there is some objection to the plan, I suggest that we adjourn over now until to-morrow.

Mr. FINLEY. I second the motion.

The CHAIRMAN. Without objection, then, the committee will stand adjourned until 10.30 o'clock to-morrow morning, and begin the inquiry then with the item for the salary and allowance division.

Thereupon, at 1.10 o'clock p. m., the committee adjourned until to-morrow morning at 10.30 o'clock.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Wednesday Morning, January 24, 1906.

Subcommittee called to order at 10.40 a. m.

**STATEMENT OF HON. FRANK H. HITCHCOCK, FIRST ASSISTANT
POSTMASTER-GENERAL—Continued.**

The CHAIRMAN (Mr. Overstreet). We will take up on page 20 of the skeleton bill, the item for compensation to assistant superintendents of the salary and allowance division. You ask for three additional superintendents. Please explain the necessity for them.

Mr. HITCHCOCK. Owing to a rapid increase in the number of Presidential offices during the last few years, the lease work has become very much larger; and we have been obliged to refer lease cases in increasing numbers to the inspector. We feel that it is a great deal better for the Department to have these lease cases handled by trained men. Our assistant superintendents devote most of their time to this kind of work, and naturally they can do it more promptly,

more accurately, and with greater advantage to the Government than men who have had little experience in such cases.

The CHAIRMAN. Briefly, what are their duties? You refer to leases; do they handle anything beside lease cases?

Mr. HITCHCOCK. That is their principal work.

The CHAIRMAN. How do you determine where they shall work; by arbitrary territorial division?

Mr. HITCHCOCK. We have at present seven assistant superintendents, and each one of these superintendents has a district. The United States is divided into seven districts, and the assistant superintendents work in the special districts to which they are respectively assigned. They become familiar with their territory, and with the post-offices in it.

The CHAIRMAN. Is any part of the work relative to leases performed by post-office inspectors?

Mr. HITCHCOCK. None, except where we call upon the inspection force to do it.

The CHAIRMAN. You call upon them simply because you have not enough force of assistant superintendents?

Mr. HITCHCOCK. We call upon them for that reason.

The CHAIRMAN. What proportion of the work for the past fiscal year, for example, has been done under the exigencies of the conditions by the post-office inspectors? You have seven assistant superintendents, but some of that work has been done by post-office inspectors, because the assistants have not the time to do all of it, as I understand.

Mr. HITCHCOCK. I should say about one-fifth of the work has been done by inspectors during the past fiscal year, but of course, you understand that the work will increase very much during the coming fiscal year because of the large number of additional Presidential offices.

The CHAIRMAN. How much behind are you now with the work?

Mr. HITCHCOCK. That is a rather hard question to answer. I know this, that there are some cases that have been out with the inspectors for more than six months, and even cases that have been out for more than a year.

The CHAIRMAN. Are there not a large number of cases that do not need the personal examination of these assistant superintendents, or inspectors either; where it is merely the renewal of a lease under similar conditions, with very little increase? You do not send the assistant superintendent or the inspector in each case, do you?

Mr. HITCHCOCK. I think it has been the practice in making renewals of ten-year leases to do that.

The CHAIRMAN. That may be true, but are there not a number of cases involving small amounts where it is of such a character that you do not feel that it is necessary to send a man for personal inspection; that is, if you can ascertain the facts by personal correspondence?

Mr. HITCHCOCK. Even if that were so, we ought to ascertain just what the condition is before making a contract.

The CHAIRMAN. I know, but I am trying to ascertain whether in all cases you have had a personal inspection made?

Mr. HITCHCOCK. My judgment is that the wisest thing to do is to have such an inspection made in all cases where we enter into contracts. I do not think it would be good administration not to do that.

The CHAIRMAN. Is the large part of the work which has been delayed for, as you say, six months on account of the lack of force, or on account of the condition of the cases themselves—for instance, that they can not be brought to a head at once?

Mr. HITCHCOCK. I was speaking of the work done by the inspectors when I spoke of the delay.

The CHAIRMAN. I am referring to all of this work, regardless of whether it is done by inspectors or assistant superintendents.

Mr. HITCHCOCK. Of course, there are some cases that can not be worked out promptly, but we are behind generally in the lease work because of the increased amount of work that has to be done now by our assistant superintendents.

The CHAIRMAN. Are you sufficiently acquainted with the general conditions, Mr. Hitchcock, to say whether or not, if these additional superintendents were granted, it would relieve entirely the necessity for calling upon post-office inspectors for this class of work?

Mr. HITCHCOCK. I doubt very much if it would at the outset, for the reason that the men to be assigned to this work would enter upon a new field, and until they had become thoroughly acquainted with the work and familiar with their territories it would probably be necessary to continue our dependence upon inspectors to some extent.

The CHAIRMAN. In your estimate for this increase of force by three, do you make an estimate for the per diem of each of those three at \$4 per day?

Mr. HITCHCOCK. That is included for all ten. The number requested is based in part upon the plan of redistricting and redistributing the territory. The territories now are too extensive.

The CHAIRMAN. You would have ten divisions instead of seven?

Mr. HITCHCOCK. Yes; and we could adopt a more business-like system of handling these cases.

The CHAIRMAN. Can you tell the committee what has been expended up to the 1st of January for per diem of these 7 assistants?

Mr. HITCHCOCK. No; I can not say offhand just what it would amount to.

The CHAIRMAN. The appropriation as carried in the current bill, and as shown on page 20 of the skeleton bill, fixes the per diem at \$4 a day, and the other necessary official expenses, \$10,220. What is your understanding as to what those other necessary official expenses might be; what does that refer to?

Mr. GRANDFIELD. That refers to railroad fare where the commissions are not honored; and street-car fare and hack fare. The total expense, however, is very small.

The CHAIRMAN. The commissions are not honored upon railroads where there are no mail contracts?

Mr. GRANDFIELD. Trolley lines.

Mr. HITCHCOCK. Emergency transportation, telegrams, telephone calls, and the usual incidental expenses of their work.

The CHAIRMAN. You have no data to indicate the proportions of this fund of \$10,220, which has been the appropriation for this item for the past four or five years, has been purely for per diem, and what purely for other necessary official expenses?

Mr. GRANDFIELD. No; but the item of per diem probably constitutes 99 per cent of it.

Mr. SNAPP. Do they pay railroad fare?

Mr. HITCHCOCK. They pay railroad fare in some cases where they can not travel on their commissions.

Mr. SNAPP. By whom is the commission issued?

Mr. HITCHCOCK. By the Postmaster-General.

Mr. SNAPP. So that ordinarily they pay no railroad fare.

Mr. HITCHCOCK. It is rarely that they put in an account for transportation. But it is only occasionally that any other expenses are charged on those accounts than the usual per diem. I have seen many accounts that were straight per diem accounts.

Mr. STAFFORD. At what cities are these assistant superintendents now located?

Mr. HITCHCOCK. Beginning in the east, Mr. White is located at Boston. Mr. Norris has headquarters at New York, although his home is in Newark. Mr. Kintz, who is a new man assigned to the southern district, has his headquarters at the present time in Washington, because he is serving on trial. If he is successful in this work, it is my purpose to station him at Atlanta, or some other southern city; but we have him come back to Washington now, after his trips, so as to have his work carefully scrutinized. Mr. Gould is at Chicago. Mr. Van Dyke is at Des Moines, Iowa, and Mr. Trotter at Kansas City. Mr. Hall has his headquarters at Los Angeles, Cal., where his home is. He operates chiefly from San Francisco, however.

Mr. STAFFORD. Have you as yet planned the districts that you contemplated establishing, if granted the three additional superintendents?

Mr. HITCHCOCK. We have not mapped out the districts exactly.

Mr. STAFFORD. Have you designated a location for the principal offices?

Mr. HITCHCOCK. That would be a little premature. We have a general idea, of course, what we will do. Some of the western districts in particular are too extended, and so many new offices are being established in those districts that we would like to lessen the area by dividing the districts up.

Mr. STAFFORD. Do these assistant superintendents perform any other work than making the examinations of the premises to be contracted for by the Government for use as post-offices?

Mr. HITCHCOCK. I was about to explain a few moments ago that that is their principal work, though other questions incidental to post-office quarters and post-office locations are referred to them—the question of discontinuing a post-office and establishing a postal station, and the location of postal stations. Contracts for the leasing of quarters for postal stations and the locating of numbered stations are looked after by them.

Mr. SNAPP. Also the extension of the carrier service sometimes?

Mr. HITCHCOCK. Laterally in connection with the question of establishing stations, and that is decidedly advantageous. Hitherto it has been the practice for the city delivery division to call upon the inspection force to send out an inspector to investigate the question of extending city delivery. My office would at the same time send one of our assistant superintendents, or, if thought necessary, an inspector, and thus two reports were frequently received. We find that the work can be handled more satisfactorily by the same man,

and since the reorganization of the Department there have been cases in which this plan has been followed with good results.

Mr. GARDNER. What do you mean by two reports? Do you mean that the work is duplicated, or that you have two opposing reports?

Mr. HITCHCOCK. No; a report on each phase of that inquiry.

Mr. SNAPP. Instead of that all being covered by one man.

Mr. HITCHCOCK. By one man.

Mr. STAFFORD. These assistant superintendents do not pass upon allowances in third class offices, do they?

Mr. HITCHCOCK. Oh, yes; in some cases.

Mr. STAFFORD. But only upon the amount of rentals where the Government acquires premises by lease.

Mr. HITCHCOCK. Yes; occasionally they take up questions of that kind also when they are able to do it, but the plan has been to employ our assistant superintendents chiefly on the more important lease cases. They are high-salaried men; they have had more experience, and we want to utilize them to the best possible advantage.

I want to say that the total liability incurred by the Department during the past six months, that is, the six months ending with December, in lease cases was \$1,289,361. Now, the increase that we ask for in this appropriation is only \$10,380, as against that large amount of liability. We feel that it would be good business to have this important work handled by trained men, and I can say that, from my own experience during the few months that I have been in the service, there is no question in my mind as to the advisability of making this additional appropriation.

There are one or two other features of this matter that I would like to mention. When we refer a case to the inspectors it virtually goes out of our hands. Our Office does not know what inspector is sent, and it may be a man who has never had a lease case before. We simply have to wait until the report comes in; whereas, in the handling of this business by our assistant superintendents we are in touch with them all the time. Every day they send in a report to the Office, and we can follow them in their work, and if there is need of haste we can require it.

Mr. FINLEY. The inspectors are not under you at all, but are under the Postmaster-General?

Mr. HITCHCOCK. Yes; under the Postmaster-General.

Mr. FINLEY. And when they are called in they perform work for your Department, and out of the line of their ordinary business?

Mr. HITCHCOCK. Out of the line of their usual duties; and it goes without saying that they are not going to give our cases priority over their own special duties.

Mr. FINLEY. You mentioned an incident a moment ago regarding the assistant superintendent, who is assigned tentatively to the southern division, having his headquarters in Washington because he is not yet trained. Is there any reason why he should not now perform as good work as any of these inspectors that know nothing about it—I mean would an ordinary inspector know more about the business than the new man?

Mr. HITCHCOCK. I want to say about Mr. Kintz that he is a man who has been in the Office for at least ten years.

Mr. FINLEY. I was not alluding to him in a personal way. He is in Washington, and being trained, you say. Now, in any instance

where a case is sent to an inspector, has he any training that will fit him specially to perform this work in the Department?

Mr. HITCHCOCK. In the case of Mr. Kintz, who has been recently assigned to this work, the plan is to have him bring his reports back to the Department and receive his instructions there; and he is thus receiving a careful training in this kind of work.

Mr. FINLEY. I understand, and I was not alluding to the character of his work further than to show that because of his lack of training he is located here until he has become familiar with his duties. But you gave some figures a moment ago showing that more than a million and a quarter dollars of obligations for leases were entered into by the Government last year. Is it not true that the best results can only be obtained by having men trained and whose business it is to do this class of work?

Mr. HITCHCOCK. That is my position exactly.

Mr. FINLEY. There can be no doubt about that.

Mr. HITCHCOCK. There can not be, in my opinion. I consider it a good business proposition.

Mr. FINLEY. Isn't it true that in a very large number of cases where this work is performed by inspectors picked up from their regular service, that their work appears unsatisfactory in result because of their lack of training?

Mr. HITCHCOCK. Understand me, Mr. Finley, I do not wish to criticize the inspection force in any way, because I think that the average ability of the inspection force is high; but I will say that frequently we have been obliged to review cases that have been handled by inexperienced inspectors—I mean inspectors inexperienced in this kind of work; for instance, I recall a case in Florida where an inspector recommended a lease for a third-class office at \$660 per annum, whereas the maximum that can be paid under the law is \$480. I know of similar cases where good inspectors have made mistakes simply through lack of experience in that work.

Mr. FINLEY. But that is not in answer to my question. It is true that in order to have efficient work, and to have good Government service, and that it may be economical, it is necessary that it be carried on uniformly and according to rules and practices such as could only be obtained by having the work under one department.

Mr. HITCHCOCK. That is my opinion, and I would like to add that by taking this work from the inspectors we are to that extent relieving the inspection force. They would be enabled to devote their time to their own work, and the lease work would be given to men who can do it more promptly and more accurately.

The CHAIRMAN. We will now take up the next item, for the appropriation for free-delivery service. You ask an increase there of 4.37 per cent, making the aggregate \$22,280,000, as against an appropriation for the current year of \$21,996,575.

Mr. HITCHCOCK. Before we pass to the city delivery service, will you permit me to revert to one or two matters that are involved in the other appropriation? I want to revert to the matter of stenographers, on page 10 of the bill. I have gone into the matter very carefully, and I do not favor the term "stenographer" in that place.

Mr. SNAPP. It is in a number of places on the succeeding pages.

Mr. HITCHCOCK. But it begins on that page and is carried through the other items. I think if another designation is to be inserted it

should be "correspondence clerks." The purpose evidently is to make it possible to employ high-salaried correspondence clerks; in other words, to promote correspondence clerks to those grades, placing them on the same footing with these other employees who are mentioned in that paragraph.

The CHAIRMAN. Does your criticism go to all of the various classes where the word "stenographer" is used under your recommendation?

Mr. HITCHCOCK. It is this, that I think it would be better to substitute "correspondence clerks" for "stenographers."

The CHAIRMAN. In these places where you have heretofore recommended it?

Mr. HITCHCOCK. That is my judgment.

Mr. GRIGGS. Can you make them do more work under that designation? A stenographer might insist that he is only employed as a stenographer and nothing else.

Mr. HITCHCOCK. The point is that there are stenographers all through the service down to the lowest clerical grades, but there are in the large post-offices certain high-grade men who are responsible for the principal part of the correspondence, and who are specially trained men in that line of work. The private secretaries of the postmasters who come in with him are frequently without training at the outset, and I think it might be a good plan to make it possible to retain permanently in the service high-grade clerks at these salaries.

The CHAIRMAN. What is the object in desiring a change from "stenographer" to "correspondence clerk?"

Mr. HITCHCOCK. Because I think the term "correspondence clerk" represents more accurately the duties of the position.

The CHAIRMAN. It does not mean any change in pay, or labor, or duties?

Mr. HITCHCOCK. None whatever.

Mr. SNAPP. In other words, the private secretary is not supposed to be able to perform the duties for which he is employed, and you need the correspondence clerks to do the work?

Mr. HITCHCOCK. In the larger offices they are undoubtedly obliged to have experienced clerks to assist in the correspondence.

Mr. STAFFORD. As I understand you from your testimony, these men are now in the service, and you are only seeking to apply the designation to them to fit their work?

Mr. HITCHCOCK. They are now in the service, but they are not receiving, in my judgment, the compensation that they should fairly receive.

Mr. STAFFORD. Could you give the committee a statement later showing the salaries that they are receiving and the offices to which they are assigned?

Mr. HITCHCOCK. Yes; we could do that.

The CHAIRMAN. Under the present designations?

Mr. HITCHCOCK. Yes.

Mr. FINLEY. Will this result in an increase of salary?

Mr. GRIGGS. I understood him to say no.

Mr. HITCHCOCK. Perhaps I misunderstood your question. It will not result in an increase in this appropriation in any sense.

Mr. FINLEY. As compared with the compensation heretofore paid?

Mr. HITCHCOCK. It makes it possible to hold in the service competent men who are doing this correspondence work, and who are responsible for it. There are such men in every large post-office, and in some cases it is necessary to give them more compensation to hold them.

Mr. GRIGGS. It is what might be called "a step in the direction of increased salary."

Mr. HITCHCOCK. I will say that there are various other employees mentioned in this paragraph, and I believe that it would be fair to pay a high-grade correspondence clerk as much salary as they receive.

Mr. GRIGGS. But you could not pay a stenographer that much because of the name, or because a stenographer is worth only so much.

Mr. HITCHCOCK. I do not think that "stenographer" is the proper designation for that kind of an employee. A correspondence clerk is a man who dictates letters to a stenographer. We can get good stenographers for much less money than that; but in all large offices, as here in Washington, there are men who handle the correspondence, who dictate letters to stenographers.

Mr. GRIGGS. And they are not called stenographers. Then you want to make a change in the post-offices throughout the country to correspond with the designation in the Department here.

Mr. HITCHCOCK. I think it would be more consistent to call them correspondence clerks. I do not favor using the term "stenographer" in that grade.

Mr. GRIGGS. You do think that you should pay a correspondence clerk a higher salary than a stenographer by calling him by that name?

Mr. HITCHCOCK. I do, certainly.

Mr. GARDNER. Does this express the thought: The designation "stenographers" was inserted in the bill because the term was meant to apply to a class of clerks handling correspondence, who were thought to be receiving inadequate salaries, hence the term "correspondence clerks" would be more appropriate.

Mr. HITCHCOCK. That is it exactly.

Mr. SNAPP. Is there a correspondence clerk in this class of \$1,800; and if so, how designated?

Mr. HITCHCOCK. No, sir; I do not think there is. There should not be.

Mr. GARDNER. As I understand it, this work is being done by clerks detailed to that duty.

Mr. HITCHCOCK. No doubt it is being done by clerks receiving a less salary than provided in the paragraph.

Mr. SNAPP. You do not remember now how they are designated in the bill; I refer to those who are doing the work?

Mr. HITCHCOCK. There is no provision for that.

The CHAIRMAN. He is to furnish a letter giving the number of such clerks, what their present designation is, and what their present compensation is also.

Mr. HITCHCOCK. Mr. Chairman, it will be necessary for me to get that information from the postmasters.

The CHAIRMAN. In that case, it would hardly be practicable to get the information right away.

Mr. HITCHCOCK. Now, I wanted to speak of the desirability of amending the law requiring the readjustment of postmasters' salaries

so as to base that readjustment on the four quarters comprising the calendar year; that is, the four quarters ending December 31, instead of, as at present, on the four quarters ending March 31. There is not enough time now, in view of the large increase in Presidential offices, to do the work satisfactorily in the brief period available.

The CHAIRMAN. What do you mean in saying that there is not time to do the work satisfactorily?

Mr. HITCHCOCK. The work is too heavy.

Mr. STEENERSON. To do the work where?

Mr. HITCHCOCK. In the Department.

Mr. STEENERSON. In arranging for the change from fourth-class to third-class?

Mr. HITCHCOCK. I will explain that.

The CHAIRMAN. Do I understand that your recommendation is to provide that the change of salaries of postmasters shall be based upon the four quarters ending December 31 of the calendar year, and the change of salary to begin with the following July 1?

Mr. HITCHCOCK. Yes; to begin at the same date as at present.

The CHAIRMAN. That then would give you a longer period between the 31st of December of one calendar year and the first of the next fiscal year to work out the adjustments?

Mr. HITCHCOCK. It would. Under the present conditions it is impossible to do much before the 1st of May. Postmasters are allowed ten days in which to send in their accounts, and sometimes they are slow even then, so it is usually about the 1st of May before we can begin on the work. There is not only the gain in readjusting the salaries, but based upon that readjustment we have to rearrange the allowances for these post-offices, and after settling what the allowances are to be we have to get out notices that will reach the postmasters before the 1st of July. Whenever there are suspicious cases, or cases that seem to indicate padding of receipts, the Department should investigate them very carefully, and there is not sufficient time to do that under the present arrangement. It is very important that the law should be changed in this respect.

The CHAIRMAN. There would be no injustice done to any postmaster other than at the first readjustment; there would be some delay.

Mr. HITCHCOCK. That would be all.

Mr. STEENERSON. You could necessarily reduce the income of those postmasters if that change was made?

Mr. HEDGE. At the end of the quarter.

Mr. STEENERSON. Based upon the time of the taking effect of the higher salary?

Mr. HITCHCOCK. The salary does not take effect until the 1st of July.

The CHAIRMAN. And they would have the benefit of the four quarters preceding the 1st of January instead of the four quarters preceding the 1st of April.

Mr. STEENERSON. Then the application of this new rule would not reduce the salaries of postmasters?

The CHAIRMAN. Oh, no.

Mr. STEENERSON. Nor result in any saving to the Government?

Mr. HITCHCOCK. Not that I can see.

Mr. GARDNER. It is apparent that it might in some cases, or might not—that is to say, if the business of a lot of post-offices was growing

some would come in on four consecutive quarters, or the third quarter of the year, who would not come in on the second quarter. It might sometimes hold a man back.

Mr. HITCHCOCK. It is possible in same cases that such would be the effect, but it would have that effect only in the first instance.

One other suggestion, and that is about the law regulating the advancement of fourth-class offices to the Presidential class. At present fourth-class offices are advanced when they have shown a compensation to the postmaster of \$250 for four successive quarters, with gross receipts for that period of at least \$1,900. That plan works an injustice in certain cases. It frequently happens that the bulk of the business is done during a certain period of the year, and it works an injustice—

Mr. SNAPP. An injustice to whom?

Mr. HITCHCOCK. Certain fourth-class postmasters that ought to be in the Presidential class. Owing to the peculiar distribution of their business they are held in the fourth class by the present law. There are cases where the receipts considerably exceed the required amount, \$1,900, and the total compensation considerably exceeds a thousand dollars, but where the business happens to come in a certain portion of the year. If in one quarter in the dull season the compensation falls below \$250, that makes it impossible for these postmasters to be advanced into the Presidential grade, and of course we can not grant them any allowances for clerk hire before they are advanced. Particularly in summer and winter resorts is this true.

The CHAIRMAN. What is the remedy that you recommend?

Mr. HITCHCOCK. The remedy is to change the law so that fourth-class offices shall be advanced to the Presidential class when the compensation for four quarters, the total compensation, reaches \$1,000, and the gross receipts for the four quarters reach \$1,900.

The CHAIRMAN. Would you make that the four quarters of a fiscal year or the four quarters of the calendar year?

Mr. HITCHCOCK. Four successive quarters.

The CHAIRMAN. Why do you make that rule different from the one you have been just discussing? Why not make the four quarters comprise the four quarters of the calendar year?

Mr. HITCHCOCK. I am not sure whether that would be desirable. At present they may advance to the Presidential class at the end of any quarter on account of the wording of the law, which says "four successive quarters."

The CHAIRMAN. But you have just been recommending a change of law, and why would not the same rule obtain relative to the change from fourth-class to third-class as the one you are now discussing?

Mr. GRIGGS. Why not let it apply to the fiscal year rather than the calendar year?

Mr. HITCHCOCK. That would be a radical change from the present law.

The CHAIRMAN. So would the other.

Mr. GARDNER. And that would result in a very great holding back.

Mr. HITCHCOCK. It might in some cases hold them back for nine months.

The CHAIRMAN. The present law refers to four consecutive quarters; the proposition now is for the aggregate of any four quarters.

Mr. GRIGGS. It seems to me, Mr. Chairman, that we must have some point at which to start anyhow, and it would be just as well to begin on the first of the calendar year or the first of the fiscal year, but have it for some specified time.

The CHAIRMAN. I have asked Mr. Hitchcock to explain why the rule should not be the same in both of the cases, and he simply says that it would work an injustice without, as I understand it, pointing out any reasons.

Mr. HITCHCOCK. It would work an injustice in the manner explained by Mr. Gardner. It would not work an injustice to postmasters, excepting in that respect. They would all be placed upon the same footing; but under the present law it happens that certain postmasters who are doing a very much larger business than other postmasters are held back in the fourth class because of the fact that the principal portion of their business comes at a certain period in a year.

The CHAIRMAN. That would simply obtain, would it not, in the first instance after the first year? Under the operation of the law it would readjust itself?

Mr. HITCHCOCK. I am not sure but that it would be wise to carry out such a plan, but it is a point that I have not considered at all. There would be the objection, I think, from an administrative standpoint, that it would increase the work at a given period of the year in the Department to have all of these fourth-class offices advancing on the 1st of January.

Mr. STAFFORD. One of the reasons you advanced, Mr. Hitchcock, for this change was that it would enable you to provide clerk hire for these offices in cases where they have exceptional conditions, such as summer resorts and the like. Coming back again to clerk hire in third-class offices, I would like to ask if there is any great need for allowing clerk hire generally to those offices that ripen from the fourth into the third class and are paid the lowest salary in the third class as much as there is in the higher grades of the third-class offices.

Does a third-class office, when it goes right into that grade from a fourth class, get an additional allowance in the form of rent, light, and fuel, an allowance to which they are not entitled as a fourth-class office, and which would amount to an increase of salary, virtually? Are you not urging a case which would apply more particularly to the exceptional class, to provide more clerk hire for exceptional conditions, such as offices at summer resorts and winter resorts, and would it not be better to make an appropriation for these exceptional conditions rather than to alter the whole system just to meet a few exceptional cases?

Mr. HITCHCOCK. There are numerous cases of that kind.

Mr. STAFFORD. Would not those conditions be met if we created a new item providing for exceptional conditions where there are resorts, just as we provide for letter-carrier service at those resorts?

Mr. HITCHCOCK. Do you mean for fourth-class offices?

Mr. STAFFORD. Fourth-class offices.

Mr. HITCHCOCK. Undoubtedly, if you will provide the means to meet those conditions.

Mr. STAFFORD. Your argument is simply directed to the salary of some postmaster. Why not strike directly at the need and give allow-

ances for exceptional conditions, allowing the old method to continue?

Mr. HITCHCOCK. If the committee prefers that remedy.

Mr. GRIGGS. Would it not answer the purpose better?

Mr. HITCHCOCK. You base your definition of a fourth-class office on the present law, but we look at it in another way. The total business makes it really a Presidential office.

Mr. GRIGGS. I do not exactly catch your idea in the proposed change of law with reference to third-class offices going into the second class. They all ripen at one particular period of the year; that is the 31st of December.

Mr. HITCHCOCK. The Presidential offices do, but fourth-class offices may be advanced at the end of any quarter.

Mr. GRIGGS. I understand that. Now, why would it not apply with equal force to the ripening of third-class offices as well as fourth-class? Why wouldn't it be better to let them all ripen at the end of any quarter, where they show receipts entitling them to ripen into the third or second class, and why should not the same rule apply to all? It would distribute the work throughout the year.

Mr. HITCHCOCK. I do think of an objection to that. The law would have to be worded in such a way that a Presidential office could not advance before the end of the succeeding year, for it is possible that the business would so increase in some cases that another advance would be possible in a few months.

Mr. GRIGGS. Why should not all offices ripen alike—that is, why should not a fourth-class office ripen like a third-class office, or a second-class office like a third-class office? Why should not all post-offices ripen at the end of a quarter, when they are entitled to do so? Would not that distribute the work throughout the year in the Department and be better than to put this extra work at a particular season of the year?

Mr. HITCHCOCK. If the law were so worded as to permit the advancement of post-offices on the record of four successive quarters, it occurs to me that in rapidly growing places you might have several advancements from one class to another in rapid succession.

Mr. GRIGGS. Let the ripening be only once a year.

Mr. HITCHCOCK. With that restriction you could follow the method now applied to fourth-class offices in advancing them to the Presidential class. That would be the only change.

Mr. GRIGGS. Why would not that be better?

Mr. HITCHCOCK. My judgment is that the other plan would have certain advantages in the way of accounting. I think it would be better to have the change made on a fixed date for all.

Mr. GRIGGS. The fourth class as well as the third class? I am trying to ascertain the reasons for a difference in the ripening of one class and another.

Mr. FINLEY. Isn't this true—that in all third-class offices and second-class offices certain funds are provided out of which allowances are made, and is it not better to have a fixed period at which you can allot those allowances?

Mr. HITCHCOCK. That was the idea that I tried to express just now. It would be more businesslike, I think, to have the advancement occur at a given time each year.

Mr. FINLEY. The point at which I am trying to arrive is, why is

there any necessity for any difference in the time allowed for the ripening of a fourth-class or a third-class office; and why should not they ripen in exactly the same way?

Mr. HITCHCOCK. I don't think there is any necessity for a difference.

Mr. HEDGE. Is it not possible for a fourth-class post-office to do enough business in one quarter to come up to the requirements of a third-class office, and then do no particular business in the other three quarters? A post-office, as I understand it, is never reduced.

Mr. GARDNER. Oh, yes; they are.

Mr. SNAPP. But if their advancement is based upon four successive quarters, by the year, they would never be reduced; and yet they might show those earnings only through one quarter under this suggested arrangement.

Mr. HEDGE. That is the question. I know there are summer resorts where they do a very large business through two or three months, and I can imagine a case where they would do \$1,900 worth of business in that time and then during the rest of the year do practically nothing.

Mr. HITCHCOCK. Mr. Hedge, I think that is a very good point. It is what Mr. Stafford had in mind in making that suggestion about a special appropriation to meet such emergencies.

Mr. GARDNER. On the other hand, it might work a hardship. I think that the records will show that for many years Atlantic City did so much business in two quarters and fell flat in the third quarter that it would be a question whether it would not jump into the second-class without becoming a third-class office.

Mr. STAFFORD. Mr. Hitchcock, can you furnish the committee an estimate as to what amount would be necessary to meet the exceptional conditions at these fourth-class offices which have summer resorts or winter resort patronage?

Mr. HITCHCOCK. Do you mean an estimate for the purpose of meeting conditions that are expected to exist in the fiscal year for which these appropriations are to be made?

Mr. STAFFORD. An estimate as to the amount that would be needed to meet every condition.

Mr. HITCHCOCK. Yes, I think so; but I do not know how accurate it would be. It is a pretty hard thing to estimate.

Mr. STAFFORD. There are some fourth-class offices, and they are known to the Department, which have a large summer-resort business, and you know by the returns from the offices the amount of their cancellations and their sales during the heavy period. By estimating them, and allowing \$300 or \$400, or whatever amount may be determined upon for clerical service as shown by the receipts and cancellations, could you not give us some estimate upon which the committee could act in providing an appropriation, if it were thought the needs of the service demanded it?

Mr. HITCHCOCK. Yes; we can do so. But would it not answer your purpose just as well to have a record of what has happened at such offices?

Mr. STAFFORD. I should think that that work would devolve upon you rather than us. Undoubtedly we could take the Auditor's report and go over it ourselves, but I should think that it was a matter for the Department rather than the committee.

Mr. HITCHCOCK. We shall be glad to prepare such an estimate.

Mr. GARDNER. That condition is not confined entirely to summer or winter resorts, as I understand it. Does not that same condition arise in many manufacturing towns where the business is flat in one quarter? Does not the same condition occur to a greater or less extent in every glass town? I don't think it would be dealt with properly by taking the seaside resorts at all.

Mr. STAFFORD. I did not intend to limit it to resorts, but to limit it to those places where there are exceptional conditions which give them only a periodic importance during the year.

Mr. FINLEY. Let the estimate that you prepare include both the offices generally, under the plan you suggest; and also the allowance, as suggested by Mr. Stafford, for "unusual business" at fourth-class offices; the cost of the scheme which you propose, and also the proposition that Mr. Stafford has advanced.

Mr. HITCHCOCK. We can include both, I think.

Mr. FINLEY. I do not think one would be worth much without the other.

Mr. HITCHCOCK. We can make a statement showing what would be approximately the cost under the plan I recommended, and also an estimate of the amount that will be needed to meet these conditions in the manner suggested by Mr. Stafford.

I wanted to mention just one other item. At the hearing yesterday I was unable to state how much of the \$50,000 appropriation for unusual business and unusual conditions was expended in Alaska. I have had the amount computed and find that it was \$17,692.

The CHAIRMAN. Have you the amount expended in any other place than Alaska?

Mr. HITCHCOCK. No money was expended for unusual conditions, except in Alaska.

The CHAIRMAN. But unusual business.

Mr. HITCHCOCK. The remainder of the appropriation was expended for unusual business.

The CHAIRMAN. Does that cover all that you wanted to return to?

Mr. HITCHCOCK. I think that is all, except that I have the statement giving the number of numbered stations in operation January 15, 1906, with the salaries of clerks in charge receiving \$400 and over. That was called for by the committee.

I also have the statement showing the number of clerks allowed for first and second class post-offices during each month from July, 1905, to January, 1906, inclusive, by grades.

I also present the statement showing the number of assistant post-masters in first and second class post-offices on January 20, 1906, given by grades, with the salaries.

Here is also a statement showing the clerks actually in the service on January 20, 1906, the number in each grade, and the total amount of their salaries for each grade. Also the number of vacancies existing on that date. I also hand you a table showing the total number provided for in the appropriation with the amounts of their salaries. I think that covers all the inquiries that you made during the first two hearings.

The CHAIRMAN. That will complete the tables and statistics called for in the previous hearings.

Mr. HITCHCOCK. Yes, sir.

Adjourned at 11.55 a. m.

POST-OFFICE APPROPRIATION BILL, 1907.

Assistant postmasters in first and second class post-offices January 20, 1906.

Grade.	No.	Total salaries in each grade.	Grade.	No.	Total salaries in each grade
\$700.....	37	\$25,900	\$1,700.....	51	\$86,700
\$800.....	39	31,200	\$1,800.....	15	27,000
\$900.....	39	36,100	\$1,900.....	12	22,800
\$1,000.....	229	229,000	\$2,000.....	2	4,000
\$1,100.....	322	354,200	\$2,500.....	4	10,000
\$1,200.....	345	414,000	\$3,000.....	23	69,000
\$1,300.....	206	267,800	\$3,500.....	2	7,000
\$1,400.....	91	127,400			
\$1,500.....	85	127,500			
\$1,600.....	96	153,600			
				1,598	1,992,200

NOTE.—There are 147 assistant postmasters receiving less than the maximum—50 per cent of the salaries of the postmasters—namely, in the \$700, \$800, and \$900 grades, 115; in the \$1,000 grade, 13; in the \$1,100 grade, 15; and in the \$1,200 grade, 4.

Clerks in first and second class post-offices.

Grades.	Clerks appropriated for by the current law.		Clerks in service on Jan. 20, 1906.		Number of vacancies on Jan. 20, 1906.
	Number.	Amount of salaries.	Number.	Amount of salaries.	
(a)	(a)	\$150,000			
\$200.....	800	160,000			
\$300.....	400	120,000			
\$400.....	500	200,000			
\$500.....	800	400,000	(a)	\$136,197	(a)
\$600.....	4,243	2,545,800	795	159,000	5
\$700.....	4,156	2,902,500	399	119,700	1
\$800.....	4,235	3,388,000	466	186,400	24
\$900.....	2,785	2,506,500	794	397,000	6
\$1,000.....	2,744	2,744,000	4,243	2,545,800	
\$1,100.....	1,670	1,837,000	4,089	2,862,300	66
\$1,200.....	1,735	2,082,000	4,211	3,366,800	24
\$1,300.....	445	578,500	2,771	2,493,900	14
\$1,400.....	369	516,600	2,726	2,726,000	18
\$1,500.....	122	188,000	1,667	1,833,700	8
\$1,600.....	105	168,000	1,726	2,071,200	9
\$1,700.....	119	202,800	443	575,900	2
\$1,800.....	60	108,000	369	516,600	
\$2,000.....	77	154,000	122	188,000	
\$2,100.....	16	33,600	105	168,000	
\$2,200.....	29	68,800	119	202,800	
\$2,400.....	25	60,000	60	108,000	
\$2,500.....	6	15,000	76	162,000	1
\$2,600.....	21	54,600	16	33,600	
\$2,700.....	17	45,900	28	61,600	1
\$3,000.....	6	18,000	24	57,600	1
\$3,200.....	4	12,800	6	15,000	
			21	54,600	
			17	45,900	
			6	18,000	
			4	12,800	
Total.....	a 25, 188	21,255,900	a 25, 803	21,104,897	a 185

a Not including clerks in charge of stations provided for in the item entitled "Clerks in charge of stations, at a rate of compensation not to exceed \$100 each, \$150,000." There are serving at present under this appropriation clerks in charge of stations as follows: 3 at \$1, 11 at \$4, 79 at \$50, and 1,322 at \$100, or a total of 1,415 clerks receiving \$186,197 in salaries. There remained of this item on January 20, 1906, an available balance of \$13,803.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Thursday Morning, January 25, 1906.

**STATEMENT OF HON. FRANK H. HITCHCOCK, FIRST ASSISTANT
POSTMASTER-GENERAL—Continued.**

**ACCOMPANIED BY MR. E. H. THORP, SUPERINTENDENT OF CITY-
DELIVERY SERVICE.**

Subcommittee called to order at 10.40 a. m.

The CHAIRMAN (Hon. Jesse Overstreet). We will now turn to page 21 of the skeleton bill and take up the appropriation for the Free-Delivery Service. The appropriation for the current fiscal year for this service is \$21,296,575. The Department recommends a 4.37 per cent increase, or a total of \$22,228,000. Will you be kind enough, Mr. Hitchcock, to make any statement you desire in reference to this item?

Mr. HITCHCOCK. Before we pass to the City-Delivery Service as a whole I would like to speak of the item entitled "Incidental expenses for City-Delivery Service."

The CHAIRMAN. We have not yet come to that.

Mr. HITCHCOCK. That item is placed in the estimates for the City-Delivery Service, and the reason I take it up now is because we wish to have it transferred to the estimates for the salary and allowance division. The reason is that these allowances are now being administered from the salary and allowance division. The fund represented by this item is actually administered in that division, with the corresponding fund for post-offices proper, and it seemed desirable to have the appropriation placed under the salary and allowance division for that reason.

The CHAIRMAN. While you are on that subject you might just as well explain the recommendations for different purposes included in those incidental expenses different from that which the law has heretofore provided. This item to which Mr. Hitchcock now calls attention is on page 23 of the bill. In your recommendation, Mr. Hitchcock, you ask that we include freight and drayage on supplies, repairing and erecting letter and package boxes and posts, painting letter boxes, repairing clocks and other equipment, maps, and miscellaneous. That language is all new language, differing in the administration or expenditure from what has been the rule heretofore.

Mr. HITCHCOCK. The entire item, covering an aggregate of \$200,000 estimated for the coming fiscal year, has been divided. Eighty per cent of the amount estimated will be administered through the Supply Division, and the remaining 20 per cent, representing these special items for which an appropriation of \$40,000 is asked, will be administered through the Division of Salaries and Allowances.

The CHAIRMAN. Allow me to say that it is not a question of administration. We would like to know why you want this additional language. Now, in the item on page 22, for compensation of twenty-two mechanics, you insert: "Employed exclusively in painting, repairing, and erecting street letter boxes." Why do you want to

carry in this item that language, while in this other item on page 23 you have the words: "Repairing and erecting letter and package boxes and posts, painting letter boxes," etc.? Why do you not put all of those items under one appropriation?

Mr. HITCHCOCK. We have separated everything that can be handled in the supply division.

The CHAIRMAN. I am calling your attention to the fact that you are recommending new language—that which is within the italics. I was wanting to know why you put that authority for erecting and repairing street letter boxes in two items. Why not put it in one item?

Mr. HITCHCOCK. I was about to say in general about the city-delivery estimates, that this division came to me on the 1st of December last, at the time when the appointment division was transferred to me, and, as you know, I have been exceedingly busy from that time to this on appointment work. For that reason I was going to ask the committee to allow Mr. Thorp to explain the items relating to the city-delivery service.

The CHAIRMAN. That will be entirely agreeable to the committee.

Mr. HITCHCOCK. I wished simply to call attention to the transfer of this item of allowances to the appropriation for the division of salaries and allowances. That is the reason why I thought it better to take it up now.

The CHAIRMAN. We will let Mr. Thorp begin with the free-delivery service, and then when he reaches this item he can make the explanation. You merely wanted to express yourself as to the transfer, I suppose, Mr. Hitchcock?

Mr. HITCHCOCK. Yes; that was all.

The CHAIRMAN. Mr. Thorp, will you please turn to page 21 of the bill; and you may make such explanation as you desire concerning this item for the free-delivery service, and the recommendation for the appropriation that is asked for here, \$22,228,000.

Mr. THORP. There were in the service on the 1st day of July of this year 21,776 letter carriers of all grades. These estimates are based upon the assumption that we will appoint during the current year 1,300 additional carriers, and the same number during the coming year. One thousand three hundred added to 21,776 would make 23,076, the number for which I have estimated, as you will notice here.

Now it has been assumed, as has been the fact, that we shall lose a certain number out of the higher grades during the current year, and, of course, we must promote others; but as near as can be figured on the basis of past experience, we will have the number of carriers of the several grades set forth in this tabulation at the beginning of the notes—that is, we will have that number in each of the grades whose salaries will amount to \$20,839,500.

Now, as to the second item, that of promotions, I will say that the promotions for last year averaged in cost \$122.88 each, or a total of \$329,209.25. We shall have next year entitled to promotion 2,753 carriers, and their promotions at the average rate of \$122.80 each would cost \$338,238.64, leaving a margin of something less than \$12,000 out of this \$350,000. In addition each of these carriers, 23,076, will be entitled to fifteen days' vacation with pay.

Pay of letter carriers.

1,900 carriers, at \$600 per annum-----	\$1, 176, 000
793 carriers, at \$800 per annum-----	634, 400
8, 626 carriers, at \$850 per annum-----	7, 332, 100
11, 697 carriers, at \$1,000 per annum-----	11, 697, 000
<hr/>	
23, 076 carriers -----	20, 839, 500
For promotion of carriers (act of August 2, 1882) -----	350, 000
For substitutes for carriers on vacation (act of June 27, 1884) -----	580, 000
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Total -----	21, 769, 500
Estimated credit by change of grade.-----	140, 000
<hr/>	
	21, 629, 500
For temporary carriers at summer resorts, for holiday service, and for other emergencies, and to serve routes of carriers employed on civil-service boards-----	130, 000
For additional carriers for improvement and extension of service at established offices -----	450, 000
For substitute carriers for additional carriers on vacation.-----	18, 500
<hr/>	
	22, 228, 000

The CHAIRMAN. Will the new carriers appointed during the next fiscal year be entitled to leaves of absence?

Mr. THORP. Yes, sir; I have covered that in an item farther down, for \$18,500.

The CHAIRMAN. I mean, will the carriers to be appointed within the fiscal year 1907 be entitled to vacations with pay during the fiscal year 1907?

Mr. THORP. Yes, sir; we have always so construed the law that for every month which he served during the year he is entitled to a day and a quarter leave.

The CHAIRMAN. That is not true of the clerks, is it?

Mr. STAFFORD. My knowledge with respect to some offices is that it is not.

Mr. FINLEY. It is not true in the departmental service, is it?

Mr. THORP. Yes, sir; I think it is.

Mr. HITCHCOCK. It is true in the departmental service but not in the postal service. I think the law prescribes that clerks shall not have a vacation during the first year.

The CHAIRMAN. I have before me a copy of the law of October 1, 1890, covering the leaves of absence of clerks and employees, and it reads as follows:

That from and after July 1, 1890, the clerks and employees attached to first and second class post-offices, and the employees of the mail bag and repair shop connected with the Post-Office Department of the United States, whether employed by the month, day, or otherwise, be allowed leave of absence with full pay for not exceeding fifteen days in any one fiscal year, provided that no clerk or employee shall be granted a leave under the provisions of this bill until he has performed service for one year.

The law relative to leaves of absence of letter carriers is as follows:

That all letter carriers at free-delivery offices shall be entitled to leave of absence not to exceed fifteen days in each year without loss of pay, and that the Postmaster-General is hereby authorized to employ, when necessary, during the time when such leave of absence is granted, such number of substitute letter carriers as shall be deemed advisable at the rate of \$600 per annum.

The proviso referred to in the first statute which I read, which prevents leave of absence until one year's service has been had, is not included in the item relative to letter carriers, and the Department has construed that as entitling them to a fractional part of each month's service for leave of absence.

Mr. THORP. That is it. As I said before, these 23,000 letter carriers on July next will be entitled to fifteen days each for vacation with pay. The substitute will cost \$25 for each one, and that amounts to \$576,900.

Now, the next item, referring to the change of grade, \$140,000.

Mr. SNAPP. What does that mean?

Mr. THORP. When a carrier in the higher grades drops out for any reason their places are filled by men at \$600 a year. A letter carrier drawing \$1,000 a year may drop out on the first of January and he would be succeeded by a man at the rate of \$600 a year. Those savings last year amounted to \$133,984.26. On the basis of the number of carriers that we had last year we should undoubtedly save \$140,000.

The CHAIRMAN. You deducted that amount from the other.

Mr. THORP. That is deducted from the \$21,769,500, leaving \$21,629,500.

Now the next item, for temporary carriers at summer resorts, and so forth, \$130,000, covers the allowances for substitutes at summer and winter resorts, for election service, and so forth, and when there is a great mass of stuff in the larger cities going through the mail; in emergencies such as arise in large cities, as at New York City when a foreign steamer comes in, and those letters, the unpaid letters, go to Station D, we will say, every letter having 10 cents due on it, it takes a man longer to deliver a hundred of those than it would 2,000 ordinary letters. So they employ a lot of substitutes. We allow about \$12,000 a year now to cover holiday service and such emergencies.

The CHAIRMAN. Do you know how much was paid this last fiscal year for this service?

Mr. THORP. 49,047 at a cost of \$1.60 a day, making a total of \$81,908.49.

The CHAIRMAN. Does that cover all the items?

Mr. THORP. Yes, sir; but the previous year the expenditure was \$85,000.

The CHAIRMAN. Why do you calculate for \$130,000 for the next year?

Mr. THORP. Simply because it is an item of which there ought to be a considerable amount of elasticity—for instance, a very hot summer will increase the requests for assistance at the summer resorts. Those requests have been much below the normal during the last two years, but we never know, of course, when they are going to arrive. For instance, yesterday we allowed an expense of \$211 at Atlantic City, the hot weather driving many people to that place in the middle of the winter, so that the postmaster became swamped. The population there, of course, varies greatly, and the postmaster asked for assistance.

The CHAIRMAN. Do you make these allowances at winter resorts as well?

Mr. THORP. Yes, sir.

The CHAIRMAN. The law, I observe, does not include winter resorts, and I wondered if you have construed it that way.

Mr. THORP. It is under the head of other emergency service.

The CHAIRMAN. Do you not think we ought to include both summer and winter resorts in the law?

Mr. THORP. There are only a small number of the winter resorts, I would say. We make provision at perhaps only about a dozen places—places like St. Augustine, in Florida, and other places down there. I do not think it is sufficiently consequential; whereas the summer-resort business is a very large item.

Mr. HEDGE. Before the last two years, was your expenditure more than \$80,000?

Mr. THORP. I am sorry to say that I have very little data prior to the time when I took hold of this service. There is no means of ascertaining that as far as the records go, because there is nothing to show what was expended for these purposes prior to two years ago.

Mr. SNAPP. Did you succeed Mr. Machen in this work?

Mr. THORP. I succeeded Mr. Hedges.

Mr. SNAPP. It is the same department?

Mr. THORP. The same department. Mr. Machen came here originally to occupy the position which I have. Subsequently he was made general superintendent of Free-Delivery Service, including the rural and city delivery, both.

For additional carriers for making extension of service at established offices; it is intended to cover increased service. We allowed last year 1,024 additional carriers, from various dates, who cost on the average \$369.72 each. Now, as I stated at the outset, these estimates are based upon the assumption that we shall allow next year 1,300 additional carriers for old and new offices, and 150 of them for new offices, leaving 1,150 carriers to be provided for under this item. If they are appointed at such dates so that the average cost will be the same as last year, \$369.72, the 1,150 carriers would cost the Government \$425,178. Of course it is utterly impossible to foresee accurately how many additional carriers will be needed over the country.

The CHAIRMAN. What lack of ability, if any, would the Department have in meeting the demand for additional carriers during the fiscal year? Are you able to meet the demand fully?

Mr. THORP. Yes, sir; every carrier whose allowance seems to justify it is appointed.

The CHAIRMAN. I would like to say that some of the New York City members have complained to me rather strongly about the conditions in that city, with regard to delays to letters within the city, drop letters; and it would indicate either a shortage of carriers or some defect in administration.

Mr. THORP. In the business parts of New York City there are eight deliveries a day, and in no part of the city are there less than two, and that only up on the Bronx section, away above Harlem, where it is practically rural.

The CHAIRMAN. What deliveries are there in that section of New York say between Fortieth street and One hundred and twenty-fifth street, or up to Bronx and the Harlem River?

Mr. THORP. The deliveries up there are four and five; there are five deliveries often beyond the Harlem River up to Stations R, X, and T.

The CHAIRMAN. One member said to me that a letter mailed at his office, which was above Fortieth street, for delivery on West One

hundred and twenty-fifth street took longer than to transmit it and deliver it at a post-office 80 miles out on the New York Central road.

Mr. HITCHCOCK. If you will permit me, I would like to say that the condition in New York City during the past year has been exceptional, owing in the first place to the long period of tie up in the wagon service by reason of the strike, and in the second place to the suspension of the pneumatic-tube service. The Department has received numerous complaints, and undoubtedly they are largely traceable to one or the other of these causes. We are not operating the tube service at present.

The CHAIRMAN. On account of legal difficulties?

Mr. HITCHCOCK. Yes, sir. And so it has been very difficult to handle the postal business satisfactorily in New York City during the past year.

The CHAIRMAN. How many additional carriers for additional service were estimated for in the past fiscal year?

Mr. THORP. The same number—1,300.

The CHAIRMAN. How many were appointed during the fiscal year 1905?

Mr. THORP. 1,024 only, and 123 for new offices, making 1,001 additional carriers.

The CHAIRMAN. So that you did not appoint as many as you had authority to appoint?

Mr. THORP. No; we appointed 176 less than we had estimated for. The previous year 1,226 were appointed, and we thought that there would be somewhat of an increase, and so estimated on the basis of 1,300.

The CHAIRMAN. And you make the same estimate this year?

Mr. THORP. Yes, sir.

Mr. SNAPP. Did you say that for this fiscal year you expected to appoint 1,300?

Mr. THORP. Yes, sir.

Mr. SNAPP. You estimate the same number for the next fiscal year?

Mr. THORP. Yes. We have already appointed 733, or had, to the 1st of January. At the same date in 1905 we had appointed 616 and the previous year, when 1,226 were appointed as a whole, 779 had been appointed on the 1st of January; so we are running within our 1,300 easily.

The next item is for substitute carriers for additional carriers on vacations. That is based upon the fact that each of the additional carriers allowed last year were entitled to a vacation which averaged \$14.08 each. Being appointed at various periods, their vacations varied, of course, but the average cost, if they had all taken the vacations to which they are entitled, would be \$14.08. If 1,300 additional are allowed next year, and the average cost for the last year holds, it will amount to \$18,304. As a matter of fact, all of these vacations are probably not taken, but we have no means of knowing, and it is not safe to assume that they will not be.

The CHAIRMAN. Your explanations are very clear, Mr. Thorp, and I would like to have you tell the committee whether you think you can risk a less appropriation than the total of \$22,228,000.

Mr. THORP. I do not think we can. No carriers are allowed excepting where they are clearly justifiable. Last year we had on that item, as the Auditor's report shows, quite a large balance.

The CHAIRMAN. About \$380,000?

Mr. THORP. \$380,000; and I think we shall have a very substantial margin this year.

The CHAIRMAN. You think it would not be wise to cut it?

Mr. THORP. No; the thing is to have enough to cover all legitimate demands and to meet only legitimate demands; and if we have a balance, so much the better.

The CHAIRMAN. You have made a very clear explanation of this appropriation.

Mr. THORP. In regard to these estimates, I would like to say that if the custom of publishing estimates had been followed this year they would have been incorporated in the report, as in years past; but they were omitted, excepting as to the lump sum, so I got up this table.

Mr. FINLEY. I notice that the sums do not appear in the reports as usual.

Mr. STAFFORD. In estimating new service in new localities you do not exercise the option which is given by law as to whether the service should be established, but when the receipts equal \$10,000, or the population of the place reaches 10,000 and over, you cause the service to be installed?

Mr. THORP. Not invariably; no, sir. For instance, we have a case on hand now in a California office where the receipts are well over the \$10,000, but it appears by the Auditor's report that the box rents are \$1,197. We find, as a matter of experience, that two-thirds or three-fourths of the box rents are lost, so that unless the rate of increase continues throughout the year, showing that by the elimination of three-fourths of the box rent they would still be over \$10,000, we have not been in the habit of putting in the service.

Mr. STAFFORD. Where these exceptional conditions of which you have just spoken do not exist, but where the receipts are \$10,000 or over, you establish the service?

Mr. THORP. Where the public meets the other conditions, such as the construction of sidewalks, the numbering of houses, street signs, and street lights, and so forth.

Mr. STAFFORD. In many places where \$10,000 in receipts is reached, the population will not equal more than 3,000?

Mr. THORP. I think as a general rule that where the receipts of an office are \$10,000, and the conditions are normal—that is, that there are no large single businesses which do an enormous mail business, as is the case sometimes—the population will average between four and five thousand. It is very seldom that an inspector going to a place to establish city-delivery service, or to investigate the advisability or desirability for it, finds that less than three carriers can be employed; and we assume that in an ordinary town a letter carrier will be able to take care of from 1,500 to 1,600 or 1,700 people.

Mr. STAFFORD. In a city of four or five thousand population, is it not general that the population is rather compact, and that the patrons of the office live within a mile—a large majority of them—of the post-office?

Mr. THORP. I think that is true in the East and South, but not always in the West, where an ambitious town site is laid out, and people lay out farms in additions to the town on the outskirts.

Mr. STAFFORD. In those cities where there have been ambitious promoters, do you feel that that fact should be taken into consideration

in establishing letter-carrier service extending to the outskirts, which would give these outside people beyond the zone of a mile the superior service of city free delivery?

Mr. THORP. It has not been the practice ordinarily to do that, but I might say here that the establishment of rural-delivery service, and particularly of county rural-delivery service, adds very greatly to the difficulty of keeping city-delivery service in distinctively urban territory. For instance, a city site is four miles square, and the population is not thickly settled out to those limits. Under the regulations the rural carriers begin their deliveries at the city limits, leaving, unless we extend our city service, a ring of unserved people on one or two sides. In that case everybody in the county excepting these people in the ring are getting some sort of delivery.

Mr. STAFFORD. As the rule is at present, judging from the average number of cases, the 10,000 population rule is rarely called into force, but the rule as to the amount of receipts is the one that determines, and in the majority of cases when the office is established the population is from four to five thousand?

Mr. THORP. Yes, sir.

Mr. STAFFORD. In these cases where the population is from four to five thousand, and the receipts just coming up to \$10,000 or a little over, and the population lives within a zone of a mile from the post-office, is it impracticable in the administration of the post-office, by reason of congestion of patrons, when the mail is distributed, to have them use only the post-office delivery, or is it necessary to have free-delivery service installed in order to relieve the condition in the post-office? What I am trying to ascertain is whether there is need, by reason of the establishment of manufacturing industries in large numbers in these little rural communities, which gives the large increase in the postal receipts, that there should not be some new standard—a higher amount of receipts in an office—before it should be entitled to free-delivery service, and whether that is the true basis for the establishment of the service.

Mr. THORP. If it were ever a true basis, it remains the true basis to-day, with this exception: That where a quantity of rural service is established, the routes all emanating from the county seat, we will say, and the post-offices throughout the county are largely discontinued, the receipts of the whole country, with the exception of these offices left, are poured into this central office, and it gets a standing to which it is not entitled on the basis of city business itself. With those exceptions, I do not see why the present rule is not a good rule.

Mr. STAFFORD. Was it not the original intention, as the law clearly shows, that there should be vested an option in the Department as to whether or not the office shall be established, even though the receipts would equal \$10,000 or the population equal 10,000? Are not there a number of cases in the past few years where free-delivery service has been established in small communities of three, four, and five thousand people, where the receipts equaled \$10,000, but the zone of population did not extend beyond a mile, or three-quarters of a mile, from the central post-office; and there was no reason why these superior advantages of city free delivery should be granted to these little small rural communities, and that the extension was only an expense to the Government, a special facility to patrons, when there was no special call for it by reason of the business, and that you were giving the service practically to rural population?

Mr. THORP. I should say that cases of that kind were rather few, if you limit the question to places with less than 4,000 population. If you assume that a community with 4,000 or 4,500 or 5,000 does not need city delivery, the population being within the zone that you speak of—of a mile—why, then, of course there is force.

Mr. STAFFORD. Are not most of the communities composed of 4,000 or 5,000 people in which free-delivery service has been established in the last year; and is not the population within a radius of a mile of the post-offices?

Mr. THORP. I think that is true.

Mr. STAFFORD. What amount of receipts do you think should be, in your opinion, the basis—the minimum amount—to entitle a community to free-delivery service; that is, if you have any opinion to express upon that?

Mr. THORP. It strikes me that that is a question upon which Congress is better prepared to pass than we are; that is, we do not know the demand for the service, nor to what extent that demand is justified. The communities, of course, are insistent upon this service as soon as they get over that limit. It is a question of what the public demand for the service is and what amount of money Congress thinks should be applied to it.

Mr. FINLEY. Are the cities any more insistent than the Congressmen when they reach that point? Isn't it true that the Department would have trouble with a member of Congress if you failed to establish city delivery in a city with \$10,000 receipts?

Mr. THORP. Unless we could show a good reason for not doing it, and unless we could make it clear to the member of Congress and the community that there was some good reason why the general rule, laid down by law, should not be followed.

Mr. FINLEY. That would be a very difficult matter in the average case.

Mr. THORP. It would, in the average case.

Mr. FINLEY. These extensions of city limits and town sites often result in a necessity for mounted carriers, do they not?

Mr. THORP. Yes, sir; where these additions are removed from the bulk of the population and are scattered as they usually are. For instance, a man may lay out a square mile and sell lots here and there all over it, so that a footman could make very little headway in the delivery of his mail or the collection from the boxes.

Mr. FINLEY. What do you think of the utility of the mounted carrier service from an economical standpoint? Do you think it wise to consider the extension of this service?

Mr. THORP. No, sir; I do not. I do not think that that is what Congress intended to have the city delivery service do. But situations arise where it is almost impossible to avoid making these extensions.

Mr. FINLEY. As I understand it, there is no disposition on the part of the Department to be particularly favorable to this class of extension?

Mr. THORP. No, sir.

The CHAIRMAN. The next item is for pay of letter carriers in new offices entitled to city delivery service under existing law. The appropriation for the current fiscal year is \$110,000, and you recommend \$75,000 for the next year. Will you please explain how you arrive at that reduction?

Mr. THORP. The estimate for the last year was prepared in the fall of 1903. During the previous year there were 99 additional city offices; that is, during the year ended July 1, 1903. The number has been decreasing steadily since that time. In 1904 there were 66 new offices, and last year there were but 44, costing us \$29,667. During the current year and up to to-day there have been 31 new offices. We think that the large yearly increase, which was due, as I have said, to the rural service bringing receipts from outside territory into cities, has about worked itself out, so that during this year and next year it is doubtful whether more than 45 or 50 new free-delivery offices will be created, and we think the \$75,000 will be ample for that purpose. Of course, there is no means of telling how many offices will reach the point where they would be entitled to free delivery.

The CHAIRMAN. In view of the past year's expenditures and the conditions prevailing, you think that \$75,000 will be ample?

Mr. THORP. We think it is ample, but we have perhaps 20 cases under investigation now, and out of those we may establish 15 during the current year.

The CHAIRMAN. The next item is for horse-hire allowance, \$750,000, as against \$725,000 for the current year. What will be the necessity for any increase in that item?

Mr. THORP. We are constantly importuned by letter carriers to whom these allowances are made to increase the allowances to individual carriers, which range from \$100 up to \$420 per year.

The CHAIRMAN. Where do you make an allowance of \$420 to any carrier?

Mr. THORP. That is where there are special rigs provided. This allowance of \$420 is at Omaha, Nebr., where these big packing houses have enormous quantities of mail that they want taken to the post-office. They raised a row, so we made a single-horse hire allowance to the postmaster. When the winter's service got into operation it was taken advantage of to such an extent that the man was collecting from 2 to 3 tons of mail a day, and one horse could not handle it.

The CHAIRMAN. Are there any regulations of the service which would enable the Department to require a concern having an unusual amount of mail to deliver to transmit its own mail to the office?

Mr. THORP. No; and as a matter of fact we collect mail from our smallest patrons at distances of three or four miles from the post-office in cities of that size, and we do not collect from our large patrons, who do business within a few blocks sometimes of the post-office. For instance, at Dayton, Ohio, the last time I was there the postmaster took me into the office to show me the mail of the National Cash Register Company. There were from 6,000 to 8,000 letters in the mail, which they had brought in in boxes in a dray, and they took their own mail back. They were paying us from \$300 to \$400 a day postage at that time.

The CHAIRMAN. What is the average pay to carriers for horse-hire allowance?

Mr. THORP. I should say that the average is about \$250. Then in addition we have 1,783 of these mounted carriers.

The CHAIRMAN. Who are receiving allowances?

Mr. THORP. Yes; varying from \$100 up to \$420.

Mr. HEDGE. I would like to say that I do not quite understand the

rule under which you operate. Why can not these cash-register concerns insist on your taking their mail from their place of business just as well as the Omaha people can?

Mr. THORP. They can, and we have a case now under advisement at Cleveland where an advertising agency, which receives enormous amounts of newspapers in which its advertising appears, wants its mail delivered and collected. The postmaster asked us what he should do about it. He says that if he undertakes to deliver and collect this concern's mail that there are fifty or a hundred other concerns about as big, and that he has not any means of doing it.

Mr. HEDGE. Is there any rule that governs it?

Mr. THORP. No, sir; theoretically we deliver and collect all mail in city-delivery offices, but as a matter of fact we do not do it, and do not do it for the largest patrons of the post-offices.

Mr. HEDGE. Because you can not.

Mr. THORP. Simply because we can not.

The CHAIRMAN. There is an arbitrary ruling of the Department in each case.

Mr. THORP. We get the benefit of the services of these people through sufferance; there is no logical reason why they should grant it.

Mr. HEDGE. There is no more reason why you should carry this mail for the Omaha people than for the Cleveland people.

Mr. THORP. No; and we had a similar case at Indianapolis. A man in a big office building was mailing enormous quantities of circulars and would fill the mail chute up to the roof, and then sack up the rest of it and stand it around so that when the letter carrier went around there to collect the mail he would simply be swamped, so that he would have to go three or four times to get this man's mail. In that case we had to make a special allowance at Indianapolis, just as we did at Omaha, in order to take care of this mail.

Mr. FINLEY. What is your rule in reference to making allowances for horse hire? Anything more than the usual keep of a horse at a livery stable?

Mr. THORP. There is no fixed basis; it varies with the size of the cities.

Mr. FINLEY. In towns in my country you can board a horse at from \$10 to \$12 a month.

Mr. THORP. Well, our allowances at Spartanburg are \$175 per year; at Greenville, \$125 per year; at Columbia, \$250 a year, and at Charleston, a larger town by twice that of Columbia, only \$225. I think that is all of the allowances made in South Carolina.

Mr. MURDOCK. In the majority of these applications for increases, and you say there are a good many of them, do not the letter carriers recite that they can not do the work with one horse?

Mr. THORP. Some of them do, but an attempt has been made by the Department to lay out the routes of mounted carriers in such a way that one horse will do the work. That has not been done in all cases, and where these large allowances are made two horses are absolutely necessary. Some of the routes involve a travel of 20 to 25 miles a day.

Mr. MURDOCK. The carriers in the outer precincts of my own town say that they positively can not get along on \$250 a year; that it is impossible to do it, and they keep two horses.

Mr. STAFFORD. Is it the policy of the Department to create new mounted carriers wherever there are sparsely settled communities within the city limits, or are you merely continuing the service in existence?

Mr. THORP. Largely continuing the service in existence, and declining, in so far as we can, to make these extensions to semirural districts. These extensions have been very expensive. Right here in Washington, for instance, we have 51 mounted carriers. The city delivery service here covers 41 square miles. It goes out to Takoma Park, Tennallytown, and over to Anacostia and Congress Heights, Benning, and so on.

Mr. FINLEY. With the extended street-car service, would it not be best to give those people reasonable service at substations?

Mr. THORP. I do not think so; no, sir. There is a good deal of this territory which I have just mentioned that you can not reach by street cars to advantage.

Mr. STAFFORD. Are not the conditions in the territory that you have mentioned such that it would be covered by rural free-delivery service if it was in any other part of the country?

Mr. THORP. Yes; but every time we have undertaken to change the service from city to rural people have objected. They do not like to be classed as country people, and they do not like to put up boxes, nor do they like to be restricted to one delivery a day.

Mr. STAFFORD. So to-day the Department is refusing to establish mounted carrier service in such cases, and insists that the rural-carrier service is the fit service for such localities.

Mr. THORP. Yes; and every day we are changing some little territories, tacking ends of these mounted routes on to rural routes passing through the territory, but not making any extensive changes from city to rural, for the reason that I have stated—that people object very strenuously to it.

The CHAIRMAN. You had expended by this time last year less than the year before. Was the service impaired or curtailed any?

Mr. THORP. No, sir; but we saved in one lump at Brooklyn, N. Y., \$28,500 by discontinuing 73 mounts which were used there for the collection service and substituted footmen. It was found that in Brooklyn you could just as well use footmen as these mounts.

The CHAIRMAN. There was appropriated in 1905 \$700,000, of which \$658,000 was expended. For the present year we have appropriated \$725,000, an increase of \$25,000, although there was an unexpended balance the preceding year.

Mr. THORP. Yes.

The CHAIRMAN. In view of that, may I ask if it is not altogether probable that you can get along, without any impairment of the service or any injustice to carriers, during the next fiscal year without increasing that item?

Mr. THORP. The situation is this: these allowances are what we call standing allowances—that is, when a mounted allowance is made it goes on from year to year, unless some change is made—that is, it is a charge against the appropriation until some other arrangement is entered into.

The CHAIRMAN. For example, on the first day of the present fiscal year there was approximately allotted \$659,000.

Mr. THORP. As a matter of fact it was \$663,779.91, and the amount authorized to take effect since that day is \$18,693.

The CHAIRMAN. That would be in operation at the close of the present fiscal year?

Mr. THORP. Yes, sir; making a total now in force of \$682,473.21, leaving a margin out of the \$725,000 for all increases during the remainder of the current year of \$52,546.75.

The CHAIRMAN. Would not that be a sufficient margin for the next year?

Mr. THORP. I am not prepared to say that it would not; no, sir. These estimates, it might be explained, were made up in the summer before we had all of this data available.

The CHAIRMAN. You think then that this item, if continued for the next fiscal year the same as at present, with an appropriation of \$725,000, that there probably would be no injustice to any carriers and no impairment of the service?

Mr. THORP. I do not think so; no, sir. I might say, however, that in addition to these amounts we have a considerable number of contracts with a contractor who furnishes a mount for a lot of carriers; for instance, at Chicago, we have 235.

The CHAIRMAN. That is included in this sum?

Mr. THORP. That is included in this sum; but every time we renew a contract we have to pay more money.

The CHAIRMAN. When will those contracts expire?

Mr. THORP. They expire at various dates. These contracts at Chicago run for four years, and they have been running about a year.

The CHAIRMAN. There would be no change in that?

Mr. THORP. None in that, but that is only one of several.

Mr. HEDGE. I want to ask about this case in Omaha again; that great bulk of mail that you have to carry at Omaha and at Dayton and at Indianapolis.

Mr. THORP. At Dayton the patrons of the office do the business for us; they bring their mail down.

Mr. HEDGE. But in relation to these Omaha packing houses, what sort of mail is that which the carriers are obliged to carry; it is not first-class mail, is it?

Mr. THORP. Part of it, and part circular matter.

Mr. HEDGE. But the bulk of it?

Mr. THORP. The bulk of it is undoubtedly—I don't know that I am correct in saying the bulk, but a considerable part—circular matter.

Mr. HEDGE. How about that at Indianapolis?

Mr. THORP. That was circular matter.

Mr. FINLEY. Would it help any if you limited the collection of mounted carriers to first-class mail?

Mr. HEDGE. That was what I was going to inquire into.

Mr. THORP. That is utterly impracticable. For instance, we place package boxes all over the cities in which all classes of mail matter may be placed. We try to keep letters out, but do not succeed. If we limited our collections to first-class matter of course those package boxes would go uncollected.

Mr. HEDGE. Take them down, why don't you?

Mr. FINLEY. Take the case of the mail at Omaha, that mail does not go into any collection box, does it?

Mr. THORP. I think not; no, sir.

Mr. HEDGE. If I may make a suggestion: wouldn't it be a great saving if you took down those package boxes and just simply put up first-class mail boxes?

Mr. THORP. If you would have free delivery, it implies the collection of all kinds of mail. We deliver all classes.

Mr. HEDGE. I am asking the question if there would not be a considerable saving if you handled only first-class mail?

Mr. THORP. I suppose there would, but package boxes were devised because people were constantly leaving all sorts of mail on the outside of letter boxes where it was exposed to depredation and the weather.

Mr. HEDGE. Well, if the people were instructed not to leave their packages on the outside of letter boxes, or if they did the mail would not be taken up, there would not be anything to take care of excepting first-class mail matter?

Mr. THORP. No, sir.

Mr. STAFFORD. Would you limit, Mr. Hedge, the collection by rural carriers to first-class mail only?

Mr. HEDGE. No; but I would try to cure this evil that is apparent here.

Mr. FINLEY. The newspapers are sent through the post-offices, are they not?

Mr. THORP. Yes; but second-class matter going from newspaper offices or from news agents is entitled to the cent-a-pound rate and is not mailed until it is put into the office and weighed.

Mr. FINLEY. If you were to formulate a rule exacting some kind of service from all such business houses who do business of that character—I mean those who mail a large amount of circulars, second-class matter, that mail which is not very important—would it not make a saving to the Government? I do not mean in all cases, but in cases where a business house does a business of such magnitude that it would fall within the category of business done by newspaper houses?

Mr. THORP. A rule could be formulated, and could be enforced for a week, perhaps, but that it could be made an established practice I very much doubt.

Mr. STAFFORD. Have you the figures before you as to the total amount for mounted service relating to the distribution of mail and that which is used for collection purposes?

Mr. THORP. No, sir; we have nothing on our records to show, and there is no hard and fast line of demarkation between these men. Some of them deliver part of the day in the outskirts and part of the day are engaged in collecting.

Mr. FINLEY. The question that I asked a moment ago with reference to the formulating of a rule; as I understand it, that would not necessitate any change in existing law, but would be merely a matter of administration in the Department?

Mr. THORP. Yes, if the rule were to be enforced.

Mr. FINLEY. Would you need any change in the law?

Mr. THORP. I don't think there is any need of a change in the law, and as a practical matter I do not believe that you could limit your collections in city-delivery boxes to first-class matter without creating such a storm of protest that it could not be withstood.

Mr. FINLEY. I did not mean to limit all collections to first-class

matter, but matter from business houses of large importance and a great amount of mail.

Mr. THORP. They are invariably the largest patrons of the post-offices, contributing most largely to its revenue, and they are entitled to at least as good service as people who mail a letter three or four miles from the post-office and put a 2-cent stamp on it.

Mr. FINLEY. I am aware of their contention, but I was concerned to know if economies could be brought about.

Mr. THORP. I do not think so.

The CHAIRMAN. We will pass to the next item for appropriation for car fare and bicycle allowance, \$350,000. The amount for the present year is \$325,000. What is the experience of the Department concerning the exactions of street-car companies in contracts for car service for carriers?

Mr. THORP. They are becoming more and more exacting. The standing allowances on the 1st of July from this item were \$299,-809.03. The amount now in force is \$310,694. We have some exceedingly advantageous contracts.

The CHAIRMAN. Does the carrier have a bicycle allowance?

Mr. THORP. Yes. The bicycle allowance is a minor item, however; probably \$1,500 to \$2,000 would cover it.

Mr. SNAPP. Please explain the bicycle allowance.

Mr. THORP. In some of the western cities, particularly in Colorado and California, where the area covered is very large in proportion to the population, and the roads are good, or the municipality will allow the sidewalks to be used, bicycles are advantageous. The allowance to carriers varies from \$18 to \$30 a year, and is very much cheaper, as you can readily see, than to mount these carriers. They furnish their own wheels and we undertake to use the money to cover the cost of repairs.

The CHAIRMAN. How do you determine your allowance for car fare for the carriers?

Mr. THORP. We are simply driven to making the best arrangements we can. When the question arises we call upon the post-master for a detailed statement as to how many carriers he has who should use the cars; how far from the office they begin their delivery; how far from the office they get, and how many trips a day each makes. Then, we cut off all the rides within a limit of three-quarters of a mile; that is, if a man begins or ends within three-quarters of a mile from the office we cut it off at the beginning and end, and then it is an easy matter to figure up the necessary allowances.

The CHAIRMAN. Do you secure reduced rates for these tickets from the local companies?

Mr. THORP. I don't think as a general rule we do. I should say that in half of the cities where we are paying car fares by tickets we pay the ordinary commercial rate. In Cincinnati we are paying 5 cents.

Mr. SNAPP. You buy tickets, do you not?

Mr. THORP. In some cities where they do not sell them we pay 5 cents flat.

Mr. FINLEY. How is it in Indianapolis?

The CHAIRMAN. Have you the contract for Indianapolis before you?

Mr. THORP. No, sir; I have not.

The CHAIRMAN. Since Mr. Finley called the matter up I will explain this to the committee myself. The allowances for Indianapolis are just what the Department itself figured out and allowed. The local company accepted that, and gave free rides all over the city, with complete transfers, for every postal official in uniform, covering all carriers, messenger boys, and special-delivery boys. I think that is a good standard for the Department to use.

Mr. MURDOCK. Why should a street-car company do any such thing?

The CHAIRMAN. Only out of generosity for the people who live in the community. That is all that prompted them to do it. That is an unusually favorable contract.

Mr. SNAPP. What would be the amount of an allowance in a place like Indianapolis?

Mr. THORP. It would depend upon the number of carriers who would use the cars and the distances, and the number of trips each day.

The CHAIRMAN. In arranging for any rates you take into consideration the distance of three-quarters of a mile, I understood you to say?

Mr. THORP. Either from the post-office or from the station from which the carrier operates.

Mr. FINLEY. Has any effort been made by the Department to secure the Indianapolis rate at other points with success?

Mr. THORP. We have undertaken to keep these rates down just as far as we can, and that is a point of considerable consequence in some cities. In one city I have in mind, where there are substantially 900 carriers, a very large proportion of whom use the cars, we have an arrangement on the basis of \$11,000. The company probably does not get over a cent or a cent and a half a ride. Our contract expires on the 1st day of July, and if that company goes up in the air, as it may, and as most of them have, it may cost us \$20,000. The territory covered is 67 square miles—

The CHAIRMAN. What place is that?

Mr. THORP. Brooklyn. It is a matter, of course, which ought not to be agitated.

Mr. SNAPP. In what proportion of the cities do you have to purchase tickets now in the way you do?

Mr. THORP. I should say in about two-thirds of them. It is becoming increasingly difficult from year to year. The railroad companies feel that they have a monopoly, and insist upon the largest amount that they can get.

Mr. FINLEY. What sort of an arrangement do you have in the city of Washington?

Mr. THORP. There is a contract on the basis of \$6,000.

Mr. FINLEY. Is that a better or a poorer contract than in Indianapolis?

Mr. THORP. I do not now recall the terms—we have an advantageous contract here.

The CHAIRMAN. Do you think, Mr. Thorp, that this amount could be retained the same as the current law, for the next fiscal year, without any impairment to the service?

Mr. THORP. I do not, because if we should have any serious situations and did not have any leeway and the necessity should arise for

an increased compensation, I do not think we could handle the service properly.

Mr. FINLEY. If there was a very large increase in this item, would not that encourage these companies to go after you for more money?

Mr. THORPE. They have been after us. When we have correspondence with one company and a contract comes up, they communicate with other street-car companies and find out what is being done, telling them how much less they are getting than the other fellows, and there is no lack of union between them.

The CHAIRMAN. The next item is for compensation to 22 mechanics, employed exclusively in painting, repairing, and erecting street letter boxes, at not exceeding \$900 each, \$19,800. I call attention to the italics in the printed bill, on page 22, which reads as follows: "employed exclusively in painting, repairing, and erecting street letter boxes." This same language was incorporated in your recommendations last year and stricken out because the committee felt that if there was opportunity to utilize the services of these mechanics in work other than painting and repairing, that it should be done, and if not, then they would continue in this work. But if this language were kept in the law and they had not work to do in the way of painting and repairing street letter boxes, they could not be used in any other service. On that explanation, do you think the language ought to be inserted in the law?

Mr. THORP. No, sir; I do not. Take, for instance, the city of New York, where we have three mechanics. We have several hundred of these mailing chutes which get stopped up, and these mechanics are utilized in clearing those out and repairing them; also in various other ways outside of the meaning of these words.

The CHAIRMAN. Can you state to the committee where these 22 mechanics are now employed?

Mr. THORP. As a matter of fact, only 19 are employed. I have not the list, but I can say in a general way that we have in Boston, 2; 3 in New York City, 1 in Philadelphia, 1 in Baltimore, 1 in Washington. I think 5 in Chicago, 1 in St. Paul, 1 in St. Louis, 1 in San Francisco, and 1 in Kansas City, I think. Where the other 1 or 2 are I can not say at this moment.

The CHAIRMAN. Will you need all of the 22, or could you get along with the 19?

Mr. THORP. I think that the number might possibly be limited to 19, excepting for this, that we have under consideration a revised method of repair of letter-carriers' satchels, of which about 40,000 are now in the service. They are constantly giving out. The practice, for the last two years, at least, has been to have them all shipped here and repaired under contract. The suggestion has been made, and it seems to have some basis in good sense, to have these repairs made at the various offices—for instance, those on the Pacific coast at San Francisco—where it might be necessary or advisable to employ additional mechanics who may be leather workmen, and they might properly be paid out of this. If some such use is not found for them, of course they will not be appointed.

The CHAIRMAN. The next item is for the marine postal service, Detroit, Mich., \$4,500. I understand that is a contract service.

Mr. THORP. That is under contract, at \$4,450. Occasionally there are requests for some local allowances for telephone service or repairs

of marine glasses and some little things, so that the \$50 margin can not do any harm.

The CHAIRMAN. The next item is for all other incidental expenses, including freight and drayage on supplies, and so forth, and is the item to which Mr. Hitchcock made reference at the beginning of the hearing to-day. In this item also reappears on page 23, in the italics, which is now being recommended by the Department, practically the words "repairing and erecting better package boxes and posts, painting letter boxes," which I understand is a character of work covered by these mechanics just referred to.

Mr. THORP. But this is intended to cover all of those items at offices where mechanics are not employed, and also at those offices—supposing the 4,000 boxes in New York City should all need repainting at the same time, three men could not do it. The item has been rearranged in this form (handing paper to the chairman).

The CHAIRMAN. Mr. Thorp suggests the following language instead of the language appearing in the printed bill: "For incidental expenses of the city delivery service, including freight and drayage on city delivery supplies, repairing and erecting letter and package boxes and posts, painting letter and package boxes and posts, repairing satchels, clocks, and other equipment, maps and miscellaneous, \$40,000."

Mr. THORP. I think that is a little more specific.

Mr. FINLEY. Is this a new item?

The CHAIRMAN. It is not a new item, but it is rearranged so as to contain different language from that previously used. The large proportion of this item has gone into another item. The appropriation for the purchase of new equipment, and satchels and boxes and posts would not come out of this item, and there is another item involved in the Fourth Assistant's Department, on page 41, for \$160,000.

Mr. THORP. The total item for the current year is \$300,000. Now, out of that—and it was the same last year—we made allowances and purchases to the amount of \$101,170, leaving practically two-thirds of the appropriation unused.

The CHAIRMAN. I wish to ask whether there probably would be any confusion of the uses of this fund by the language you have here, where you speak of "letter and package boxes and posts." Might not that refer as well to rural letter boxes, and would you not find it more specific if the word "city" were included there?

Mr. THORP. The opening phrase is: "For incidental expenses of the city delivery service."

The CHAIRMAN. The mere fact that this item of appropriation appears in any particular portion of the printed bill would not be binding upon the Auditor in determining the nature of the expenditure.

Mr. THORP. If we left the city delivery service out of the phrase in the second line, and left it in the first line, would not that limit the expenditures to that service?

The CHAIRMAN. At all events it is clearly intended, as I understand it, to cover nothing excepting matters mentioned in this item for city service. Am I right?

Mr. THORP. Yes, sir.

The CHAIRMAN. Then, the language would be as follows: "For

incidental expenses of the city delivery service, including freight and drayage on supplies, repairing and erecting letter and package boxes and posts, painting letter and package boxes and posts, repairing satchels, clocks, and other equipment, maps, and miscellaneous, \$40,000."

Mr. THORP. Yes, sir.

The CHAIRMAN. What is that drayage?

Mr. THORP. We contract in Cleveland, for instance, for the shipment of package boxes to Chicago. There must be some fund to pay the freight and drayage.

The CHAIRMAN. And this particular item is the one referred to by Mr. Hitchcock in his recommendation that it be transferred to that part of the bill where the division of salaries and allowances is found, because it would come under the supervision of the salary and allowance division.

Mr. THORP. Yes, sir.

The CHAIRMAN. The next item is for car fare for special-delivery messengers in emergent cases, \$10,000. You ask for the same amount. Will you please explain to the committee what those emergency services are.

Mr. THORP. These allowances are restricted by law to first-class post-offices. The theory of the special-delivery service has been that bicycles would be used by the special-delivery messenger, but occasionally the distances are so far into the outskirts and special-delivery territory, and that storms or sleet and rain and snow make the use of bicycles impossible, so these allowances are made among the various post-offices and used in the purchase of car tickets for the messengers when they can't use their bicycles.

The CHAIRMAN. Who determines the emergency character of the cases?

Mr. THORP. The local postmasters.

The CHAIRMAN. In making returns, does he elaborate upon the necessities—explain them fully?

Mr. THORP. Yes; and we pass upon the allowances to the offices, as a rule, and upon the amount of special-delivery business which is done at that office.

The CHAIRMAN. Do you mean allowances in advance of its use, or do you hold the fund subject to requisition in the individual cases?

Mr. THORP. We make these allowances usually along in the first of the year; for instance, at the end of September of last year we had allowed \$6,293 of it. The next quarter we allowed a thousand dollars, and the next, \$350.

The CHAIRMAN. Is that an allotment in advance of the time when it may be used or after it has been used?

Mr. THORP. Before it has been used. These allotments are made on request only of postmasters, expiring with the year for which they are made. We have allotted this year \$8,516.67, an increase of about \$700 over the previous fiscal year, when it was \$7,820.

Mr. SNAPP. Is there any allowance made to special-delivery messengers for bicycles?

Mr. THORP. No, sir; they are supposed to pay that out of their allowances of 8 cents a piece for the delivery of the letters.

The CHAIRMAN. This brings us to the item for fees for special-delivery messengers, \$1,000,000. Last year the appropriation was

\$900,000. You ask for an increase of \$100,000. What has been expended in this item during the present fiscal year?

Mr. THORP. We have no means of knowing. The auditor charges against this appropriation claims of postmasters for fees, and it would be impossible, without going through all of the accounts, to get at that.

The CHAIRMAN. How do you determine your estimate?

Mr. THORP. Well, we found that last year when the appropriation was \$900,000, fees to the amount of \$847,492.39 were claimed by postmasters and charged against this. We must figure for the next year on the increase of this year plus the increase of the next year.

The CHAIRMAN. Do you base your estimates upon certain per cents which you arbitrarily fix, or fix after considering the expenses of the claims?

Mr. THORP. The actual increase last year over the previous year was 6.6 per cent in fees paid. We have asked Congress for a deficiency because if the increase for the current fiscal year is only the same sum as it was last year, \$56,415.85, we shall be short \$3,908 for the current year.

Mr. SNAPP. You asked for \$20,000 in the urgent deficiency bill.

Mr. THORP. Yes; but the gross increase in the amount of money paid ought to be more than the gross increase last year. That, of course, is less than the percentage of increase that we would figure; and in order to be safe we thought it best to ask for \$20,000, as this is simply a fund against which the Auditor makes these charges. There is no possible way that that money could be spent in any other way.

The CHAIRMAN. How are the messengers paid?

Mr. THORP. They are paid 8 cents each for the delivery of special-delivery letters, amounting to about \$30 a month. We have contracts in cities with the district messenger companies for the delivery of these letters on the basis of 7 cents.

The CHAIRMAN. And the Government is paid 8 cents?

Mr. THORP. Yes; and we have made a calculation, which is substantially accurate, that there is a profit on the special-delivery business of about \$125,000 a year.

Mr. MURDOCK. To what is that due; to contracts with the district messenger service?

Mr. THORP. Yes; and to the difference between the cost of a special-delivery stamp, 10 cents, and the cost of delivery, which is 8 cents, and 7 cents where the contracts are made.

Mr. FINLEY. This item is no burden to the Government whatever.

The CHAIRMAN. You say it is a profit?

Mr. THORP. It is a profit. As I say, we have figured, as nearly as we can, deducting the office pay for delivery, the estimated clerk hire which makes a considerable part in a large office—we have allowed \$76,000 for the cost of clerical service in third-class offices, and in fourth-class offices it does not amount to anything—then we take into consideration the car fares for messengers, the cost of printing the stamps, which is \$1,642.55, leaving a total cost of service of \$933,028.22. The number of letters, or special-delivery articles delivered last year was 10,593,655, which means that special-delivery stamps to the value of \$1,059,665.52 were sold. Deducting these items of expense, aggregating over \$933,000, we have a balance of

\$126,337, or a net profit on the special-delivery business of the country of that sum for the last year.

Mr. SNAPP. You figure that you have figured in all of the expense properly chargeable to that service?

Mr. THORP. I think we have, including the salaries of the clerks, which is by far the larger item.

The CHAIRMAN. Has the Department considered a plan of employing messengers on salary?

Mr. THORP. No, sir; we are encouraging postmasters, in so far as we can, to use substitute letter carriers, in order to help the substitutes eke out a living.

Mr. SNAPP. While he is waiting for a permanent position?

Mr. THORP. Yes; they only make about \$18 or \$19 a month on the average.

The CHAIRMAN. The next item is for rubber and metal stamps and repairs thereto; ribbons, pads, and racks for the money-order service. There is no estimate here for that; I presume it is transferred to the Fourth Assistant's Office.

Mr. HITCHCOCK. That has gone to the Fourth Assistant's Bureau.

The CHAIRMAN. The next item is for exchange on drafts and necessary miscellaneous expenses of the money-order service. That is transferred too.

That is the end of the city-delivery items, and I will say to Mr. Hitchcock that there only remains an item for miscellaneous items in the office of the First Assistant Postmaster-General—\$500.

Mr. HITCHCOCK. Mr. Chairman, regarding that item of exchange on drafts and necessary miscellaneous expenses of the money-order service, I would like to say that that will be cared for in the salary and allowance division.

The CHAIRMAN. There is no estimate for it from your department.

Mr. HITCHCOCK. That was allowed for in the general item for miscellaneous expenses.

The CHAIRMAN. But there is no estimate of the department for this at all. It was \$10,000 last year.

Mr. GRANFIELD. The miscellaneous appropriation of the salary and allowance division will take care of that.

The CHAIRMAN. For any exchange on drafts?

Mr. HITCHCOCK. It is not specified, but the allowances for that purpose will be made out of that appropriation.

The CHAIRMAN. For necessary miscellaneous and incidental items directly connected with the first and second class post-offices? Is that the item you mean?

Mr. HITCHCOCK. Yes; we thought that the wording of the general item would cover that matter and so we did not specify it in the revised estimates. The plan was to bring these allowances together, and to have them administered in one office, and the accounting all done in one office.

The CHAIRMAN. If you will just turn to page 19 of the bill, and to that item for necessary miscellaneous and incidental items directly connected with first and second class post-offices. I understand, under your construction, that that covers this item of exchange on drafts and necessary miscellaneous expenses for the money-order service.

Mr. HITCHCOCK. Yes, sir; that was our purpose.

The CHAIRMAN. Then the last item is that of miscellaneous items in the Office of the First Assistant Postmaster-General. Heretofore that has been \$1,000 and you ask for \$500. You will observe the note which states that \$500 for miscellaneous items is carried in the legislative bill. I will ask why carried in the legislative bill?

Mr. HITCHCOCK. This represents a part of that general plan of bringing together these small appropriations into one fund.

The CHAIRMAN. Why should part of it be taken out of the post-office appropriation bill and put under the Committee on Appropriations in the legislative bill?

Mr. HITCHCOCK. Because the part that is thus transferred represents more properly miscellaneous expenses of the Department.

The CHAIRMAN. What expenses are there in the Department that are of a miscellaneous character, that are not a part of the postal service? Where would the First Assistant Postmaster-General want to use any part of this item for any service other than the postal service?

Mr. HITCHCOCK. I should not want to use it for any other purpose, generally speaking; but as departmental appropriations go, it is perfectly consistent to place in the legislative bill such items as, for instance, traveling expenses.

The CHAIRMAN. What traveling expenses?

Mr. HITCHCOCK. Traveling expenses of the executive officers of the Department.

The CHAIRMAN. Traveling where? Where would the First Assistant travel to use any part of this fund; going to another post-office to look into the question of postal service, would he not?

Mr. HITCHCOCK. That expense could be paid from the miscellaneous item under the salary and allowance division.

The CHAIRMAN. Do you mean to convey the idea that the Postmaster-General can send the First Assistant Postmaster-General to make an inquiry into some matters connected with the Railway-Mail Service, and that in that event it would not be properly chargeable to the First Assistant's Office?

Mr. HITCHCOCK. I think that would be quite proper—

The CHAIRMAN. But the same kind of an item is carried in the Second Assistant Postmaster-General's Department, who has charge of the Railway-Mail Service.

Mr. HITCHCOCK. Yes; but suppose the First Assistant was delegated by the Postmaster-General to make a trip that would cover an inquiry into the several branches of the postal service?

The CHAIRMAN. It would all be postal service, would it not? The law is now, Mr. Hitchcock, that there is a miscellaneous item of appropriation in the office of the Postmaster-General and each one of his four assistants. Now, there seems to be in the estimates of the bureau a division of each one of these items, putting half of the appropriation in the post-office appropriation bill and the other half into the legislative appropriation bill; and I am trying to get you to explain to the committee the reason for that division.

Mr. HITCHCOCK. I will say frankly that I am responsible only for that portion that still remains in this part of the bill.

The CHAIRMAN. How much money is needed, Mr. Hitchcock, in the office of the First Assistant Postmaster-General for miscellaneous expenses of his particular office in the postal service?

Mr. HITCHCOCK. Do you mean departmental expenses?

The CHAIRMAN. No, sir; I said postal service connected with the office, limiting your consideration of the question and your answer to the duties of the First Assistant Postmaster-General. What miscellaneous expenses will probably arise during the year which he would find it necessary to meet in connection with his official work in his office—\$500, \$1,000, or \$2,000?

Mr. HITCHCOCK. That is a pretty hard question for me to answer.

The CHAIRMAN. You have made an estimate of \$500 for this bill and \$500 for the legislative bill. What amount do you really believe the First Assistant Postmaster-General will need to cover the miscellaneous expenses in the postal service?

Mr. HITCHCOCK. Well, the estimate here says \$500, but this division was made in—

The CHAIRMAN. What is your opinion about it?

Mr. HITCHCOCK. I think that is a rather small sum, Mr. Chairman.

The CHAIRMAN. What is it for? Understand I am not trying to argue against it at all; I am trying to find out what it is for and what amount the First Assistant Postmaster-General really believes he will need. We want to get the right interpretation of this. Supposing the language were this way: "Miscellaneous expenses in the postal service in the office of the First Assistant Postmaster-General, \$500." Will that language and that amount answer your requirements for your miscellaneous expenses in the office of the First Assistant Postmaster-General?

Mr. HITCHCOCK. That is simply traveling expenses.

The CHAIRMAN. It is not to cover typewriting expenses or furniture or anything else?

Mr. HITCHCOCK. I understand that this item here has been used chiefly in traveling expenses, and that led me to speak as I did about it.

The CHAIRMAN. But if that language were changed as I have just read it; what would you say as to the following proviso, which has been carried in many bills: "Provided that a sum not exceeding \$300 may be used for the purchase of city directories and books of reference?" That proviso has been a part of that appropriation many times, and if it were added to this and the amount limited to \$500, would you still have enough money?

Mr. HITCHCOCK. That would limit the traveling expenses to \$200.

The CHAIRMAN. Yes, if you used \$300 for the city directories.

Mr. GRANDFIELD. That would be for the departmental service, and should not be paid for out of the items in the Post-Office appropriation bill.

The CHAIRMAN. Then, if this item should be miscellaneous items in the postal service in the office of the First Assistant Postmaster-General—\$500—would you recommend that that proviso be omitted?

Mr. GRANDFIELD. Oh, yes.

Mr. HITCHCOCK. I should think that there ought to be at least \$500 available for miscellaneous expenses outside of the directories.

Mr. SNAPP. The directories would not be purchased out of the appropriation in the legislative bill?

Mr. GRANDFIELD. They should be, because it is departmental work.

Mr. HITCHCOCK. It occurs to me that these directories are used chiefly in the Dead Letter Office, and that division has gone from my Bureau, having been transferred to the office of the Fourth Assistant.

The CHAIRMAN. Then you would not need that proviso.

Mr. HITCHCOCK. I doubt if we should.

The CHAIRMAN. Then so far as the miscellaneous expenses in connection with the postal service in the office of the First Assistant Postmaster-General is concerned \$500 would be ample.

Mr. HITCHCOCK. I think so——

The CHAIRMAN. Supposing the items for miscellaneous expenses in the office of the First Assistant Postmaster-General were carried in the legislative bill, and but \$500 carried in the Post-Office appropriation bill, would you have enough then?

Mr. HITCHCOCK. Well, as I understand it, under the ruling of the Comptroller we could not utilize this appropriation for the purchase of articles that are covered by the portion of this appropriation transferred to the legislative bill.

The CHAIRMAN. What articles do you understand would be covered by that item of miscellaneous expenditures in the office of the First Assistant Postmaster-General carried in the legislative bill?

Mr. HITCHCOCK. I ought to see the wording of that item before answering your question. I think the articles are specified in that item.

The CHAIRMAN. Does that mean all of the articles in the nature of equipment necessary for the administration of the First Assistant Postmaster-General's general department, covered in the general item of supplies?

Mr. HITCHCOCK. I think so.

The CHAIRMAN. Now, with the Dead Letter Service out of your Bureau, you will not need the proviso relative to the directories and books of reference, and if your general supplies are covered in the supply accounts of the service, then you would not need the \$500 at all.

Mr. HITCHCOCK. I can not think of any reason why the \$500 carried in this paragraph here would not be sufficient.

Mr. MURDOCK. I should gather that this last item, the miscellaneous item, referred wholly to traveling expenses; is that correct?

The CHAIRMAN. As it now stands, in the office of the First Assistant Postmaster-General, it would cover his hotel bill, his cab bill, and if, for instance, there was an urgent call at a committee meeting at the Capitol, the First Assistant could come to the Capitol in a cab and pay for it out of this item. That is my construction of it.

Mr. HITCHCOCK. Yes; that is also my construction.

Mr. MURDOCK. Expenditures going directly to his person.

The CHAIRMAN. Exactly; everything else is cared for.

Mr. HITCHCOCK. That is the way it strikes me; I fail to see what else it can be.

The CHAIRMAN. This finishes the items of the bill affecting your Bureau. Is there anything else that you care to make comment upon, or any item that has been gone over that you would like to refer to, or have you finished all of your recommendations?

Mr. HITCHCOCK. I don't think of anything further that we wish to say.

The CHAIRMAN. We are very much obliged to you and your associates, and will close the hearing at this point.

Adjourned at 12.50 p. m.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Friday Morning, January 26, 1906.

**STATEMENT OF HON. W. S. SHALLENBERGER, SECOND ASSISTANT
POSTMASTER-GENERAL,**

**ACCOMPANIED BY MR. GEORGE F. STONE, CHIEF CLERK, AND
MR. JAMES H. CREW, SUPERINTENDENT OF RAILWAY ADJUST-
MENT.**

Subcommittee called to order at 10.40 a. m.

The CHAIRMAN (Hon. Jesse Overstreet). We will begin on page 24 of the bill, the items under the office of the Second Assistant Postmaster-General. The first item is for star-route service. The present appropriation is \$7,300,000, and you estimate for \$7,370,000.

Mr. SHALLENBERGER. Mr. Chairman, if you will allow me to take the course that I did last year, will you please ask Mr. Stone questions in regard to those matters, and when it comes to details, Mr. Crew. Relating to the pneumatic tube and electric car service, I will then give the testimony myself. I will watch the proceedings carefully, and whenever I desire to say a word will do so.

Mr. CHAIRMAN. Mr. Stone, will you please explain briefly the situation with reference to the star-route service?

Mr. STONE. This estimate contemplates an increase of \$70,000 over the current appropriation, or less than 1 per cent; to be exact, ninety-six hundredths of 1 per cent. The principal item of increase for the next fiscal year will be the reletting of all the contracts in what we call our fourth-contract section, which includes all the States and Territories west of the Mississippi River excepting Minnesota, Iowa, and Missouri. It also includes Alaska and Hawaii. There are in that section 5,833 routes to be relet. We are certain that there will be an increase in the rate per mile traveled over the existing rate in a contract made four years ago. This, of course, would involve a larger estimate than we have submitted were it not for the substantial reduction by reason of discontinuance caused by the establishment of rural free-delivery service.

The CHAIRMAN. Can you tell how much of the appropriation for the current year will probably be used?

Mr. STONE. All of it; and there is a grave question whether or not there will not be a deficiency. It depends upon how much rural service is established that will enable us to cut off star service for the remainder of this fiscal year. If we were to stop right now there would be a deficiency on the routes as they stand now of something over \$70,000.

The CHAIRMAN. You will recall, Mr. Stone, that the appropriation for 1906 was a decrease below the appropriation for the preceding year of 7 per cent, and that was the first year, certainly for many years last past, when there was a decrease over the preceding fiscal year. And at the time this explanation was made by you during the last year my recollection is that you thought there would be each year a slight decrease.

Mr. STONE. No, I don't think I testified to that effect; that is my judgment. There was a decrease at that time, but the star service is a growing service, and the amounts cut off by reason of the establishment of rural-delivery service are beginning to be decreased over previous years, and I think more likely there will be an increase in the appropriation for star service from year to year from now on.

The CHAIRMAN. You think, then, that the demand for additional star service in sections of the country where it has not before been in operation will be greater than the demand for the increase in the rural service in sections where it would discontinue star service?

Mr. STONE. I think that the new star service will more than amount to the savings on account of the part that is cut off by reason of the establishment of rural delivery.

The CHAIRMAN. What was the saving in the star-service appropriation on account of the discontinuance by the establishment of rural delivery during the fiscal year 1905?

Mr. STONE. The annual rate was decreased \$535,676. You understand, of course, that does not mean the total amount expended in that year was reduced that much, but that was an annual rate of expenditure.

The CHAIRMAN. In speaking to this item of appropriation for the fiscal year 1905, and referring to the fiscal year 1904, you said in the hearings last year: "Last year star service that was cut off on account of the establishment of the rural free-delivery service was \$597,000." The amount cut off during the fiscal year 1905 was but slightly under that amount.

Mr. STONE. That was \$535,000. I can give you that for a series of years if you have any desire for it.

The CHAIRMAN. These are figures of the amount cut off on account of the establishment of rural-delivery service.

Mr. STONE. It is the decrease in the annual rate of expenditure in star service made possible by the establishment of the rural free-delivery service. For the fiscal year of 1905 it was \$535,000, in round numbers; for the preceding fiscal year, 1904, \$579,000; for the fiscal year 1903, \$303,000; for the fiscal year 1902, \$265,000; for the fiscal year 1901, \$131,000.

The CHAIRMAN. What do you estimate will be the amounts during the fiscal year 1906?

Mr. STONE. Our Bureau is not in position to have any exact knowledge, but in making up our estimate we have assumed that it would be about the same as for the past year, slightly less.

The CHAIRMAN. Inasmuch as we made a reduction in this item last year, do you not think that we could get along next year, 1907, with the same amount of appropriation as for this year, so that Congress will not have to start another increase on this item?

Mr. STONE. That is a small amount, only \$70,000.

The CHAIRMAN. But, notwithstanding, it is an increase.

Mr. STONE. It might be mentioned that the appropriation for this year, \$7,300,000, was less than the annual rate of expenditure on the first day of the year by over \$117,000.

The CHAIRMAN. You will remember that after you made your estimate for the fiscal year 1906 you later modified that estimate by a recommendation for a reduction of the amount, and that was

the reason the committee recommended to the House but \$7,300,000. Now, what I ask is whether or not we can not get along this next year without starting in again with increases on this item by making the appropriation the same for the next fiscal year.

Mr. STONE. I do not think it is possible, because, in making our estimates, as I say, the chief item of increase was the re-letting of the service for this fourth contract section. We estimated that the increase in the rate per mile traveled would probably be about 15 per cent. We are now handling those proposals, and we have not gotten far enough along to get the data as to the result.

The CHAIRMAN. I now recall that your modified estimate was that, after you had opened up the bids on those routes. How soon will you be able to determine the amounts of the bids on those routes?

Mr. STONE. On the 1st of February, the greater part of it; but I think I can say that the rate of increase is likely to be fully the amount of this estimate, 15 per cent; but I can give you the exact figures later.

Mr. STAFFORD. Have you the figures as to the amounts being expended at present for star-route service in the other three sections of the country?

Mr. STONE. Our annual report is made up as of June 30. I can not bring it down to date.

Mr. STAFFORD. There have been reductions by reason of the extension of rural mail delivery.

Mr. STONE. Yes, sir.

Mr. STAFFORD. Can you estimate generally how much those reductions would be in the respective divisions?

Mr. STONE. We have not tried to do that. Do you want each section separately? I can give you the annual rate of expenditure for the service as a whole.

Mr. STAFFORD. I mean each separately.

Mr. STONE. I can not give you that now. On page 72 of the annual report you will find each section given by States and by totals as they existed on June 30 last.

Mr. STAFFORD. In what divisions is there the greatest expectancy of the extension of star-route service for the next fiscal year and the year following?

Mr. STONE. I am inclined to think that the greater extensions are always in the fourth sections; that is, the far West, west of the Mississippi River.

Mr. STAFFORD. There is very little extension in the division of New England and the north-central States?

Mr. STONE. Yes; we are not only extending the routes, but increasing the frequency of trips, so that the service is increasing in every one of the four sections.

Mr. SHALLENBERGER. Weekly service is made triweekly, and triweekly service made daily in certain cases.

Mr. STAFFORD. What induced the more frequent service, which necessitates natural increased appropriations?

Mr. STONE. People residing on routes and having service three times a week claim that they want a better service. The present their petition, we examine the revenues from the offices, the number of people supplied, the amount of mail sent and received, and if they

are in our judgment entitled to more frequent service we grant the increase so far as we are able to do so.

The CHAIRMAN. What is the average cost per mile traveled?

Mr. STONE. The rate per mile traveled for star service on July 1, 1905, by sections is as follows: In the first contract section, which is the far Eastern, the New England States, 6.60 cents; in the second section, which is the South, 5.67 cents; in the third section, the Middle West, 6.51 cents; in the fourth contract section, the far West, 7 cents, making the average for the United States 6.54 cents.

The CHAIRMAN. Are you familiar with the average cost per mile traveled of the rural carrier service?

Mr. STONE. On the basis of 22 miles a day traveled on a rural route, at \$720 a year, the carrier gets 10.67 cents per mile traveled, which is something over 4.7 cents higher than the star service.

Mr. GARDNER. Nearly 50 per cent.

Mr. SHALLENBERGER. More than that—nearly 60 per cent.

Mr. SNAPP. Do they perform similar work?

Mr. STONE. They perform work that is similar, and work that is different. They both deliver mail along the line of the route; both collect mail from places along the lines of the route. A rural carrier performs certain duties that the star-route carrier does not, namely, in the matter of registering letters and sale of stamps and money orders. The star carrier performs service that the rural carrier usually does not, in carrying closed pouches of mail between post-offices, and in many cases the star carrier performs a more rapid service, an expedited service, between post-offices.

Mr. STAFFORD. What was the tendency during the past year as to the discontinuance of star-route service—those routes which are traveled identically with the rural-carrier service?

Mr. STONE. The tendency has been to discontinue the star service, and to avoid duplication wherever it is possible.

Mr. SNAPP. Has it been done?

Mr. STONE. It is possible that in some cases both carriers might travel over the same road and yet not amount to real duplication of service.

Mr. SNAPP. That is, for a part of the distance?

Mr. STONE. For a part of the distance; never over the entire route.

Mr. SNAPP. Can you tell, Mr. Stone, what the average number per route is along the star route of patrons who have personal letter boxes?

Mr. STONE. I can not tell you the average number per route, but I can give you a reference to a statement in our annual report of statistics that were taken as to the number of boxes.

Mr. SNAPP. What page?

Mr. STONE. Beginning at page 5 of the report of the Second Assistant Postmaster-General, showing by States a summary of contract sections. The number of star routes on which we sent out inquiries, the number of replies which we received—some of them did not come back—but as to those from which we did get replies, the number of boxes along the route and the number of families supplied. I will not give you the details, but I will just give you the summary of the whole country under these statistics, taken last June. 17,121 routes; we received replies from 14,967, showing that on the last-named number the

boxes or cranes number 112,679, and the number of families supplied through these boxes was 162,687.

Mr. SNAPP. By dividing that by the number of routes, you get the average number of families in each route supplied in this way.

Mr. STONE. On those routes from which we received replies.

The CHAIRMAN. What is your regulation relative to the putting up of individual boxes?

Mr. STONE. Any person residing along or near a star route who desires his mail delivered to him by means of the box, has the right, under the regulations, to erect a box along the line of the route so conveniently arranged that the carrier may reach it, if possible, without dismounting from his vehicle. The patron then gives an order on the postmaster at the office at which his mail is addressed, the order being to deliver to the carrier of that route any mail that is addressed to the patron, and it then becomes the duty of the carrier to take the mail from the post-office to the box and deliver it into the box.

The CHAIRMAN. Have you any special regulation concerning the box itself?

Mr. STONE. The Department does not prescribe any particular style of box to be used on the star route. Any box that is satisfactory to the patron, a box that will properly protect the mail from the weather, will be acceptable.

Mr. SHALLENBERGER. And also protect the mail against mischievous interference of passers-by on the road. If you will permit a remark, this is a subject that is now one of conference between ourselves and the Fourth Assistant Postmaster-General, with reference to the possible procurement of a regulation that will provide a uniformity of boxes.

The CHAIRMAN. For all the rural service?

Mr. SHALLENBERGER. For all the rural service, it appearing to the Fourth Assistant, as he has said in a recent communication, that it would be highly desirable that we should have uniformity of boxes on both the star and the rural route.

Patrons of the rural service complain that they are put to the expense of securing a box costing not less than 75 cents and from that up to \$3 or \$4, as the majority may elect on any given route, whereas the star-route patron is permitted to construct his own boxes or hang a little canvas bag on a hook erected along the road. They will be a protection against the elements and a reasonably safe protection against the mischievousness of the passer-by; with the distinct understanding on our part that the Government does not become responsible for that mail in the box owned by the patron and erected in his own discretion. But he assumes any responsibility for it after he leaves an order with the postmaster that his mail shall be delivered to our carrier and deposited in that box.

I have said to the Fourth Assistant Postmaster-General tentatively that I do not regard it practicable or wise for the Government to assume a responsibility for private letter boxes at the homes of patrons either in the city or in the rural districts. It may be well enough to prescribe uniform letter boxes on the corner of the street or at the crossroads where the Government pays for the box and procures the key and duplicates the key in its own discretion. But to attempt to direct the patron, either of the city or the country, as

to what private letter box he shall institute in front of his dwelling or in the door of his dwelling is something which I deemed impracticable and unwise. I would rather charge him with the responsibility of erecting his own box or of securing a slot in his own door, into which the letter carrier of the Government may deposit his mail, if he chooses that method in preference to having it handed to the servant at the door, or one of his children at the door, or any other way, he being the one to decide as to who the mail may be delivered to.

In delivering the mail along rural routes or star routes, we assume a little risk, and we feel that we should charge the patrons with a little risk; and I think it well for us to be a little careful, as a Government, that we do not assume the responsibility for these private letter boxes on highways where we can not have supervision and where the patron himself may be absent for a number of days without the knowledge of the carrier.

Mr. SNAPP. Then, after the mail is so deposited by the Government carrier, your idea is to treat it as any other personal property belonging to the patron of the route?

Mr. SHALLENBERGER. I would.

Mr. SNAPP. In case there is a mail depredation, would you leave those persons to their remedy under local law, as in cases of ordinary loss of personal property, thereby relieving the Government from the large expense now entailed for post-office inspection?

Mr. SHALLENBERGER. I have had that in mind in what I have said, and I would relieve the Government and provide a more easy and simple method of protecting the patron of the mail service against the ordinary pilfering and irregularity and disorder that would naturally arise in serving him with mail matter.

Mr. SNAPP. In other words, after the patron has once elected to select a place where he prefers to have the mail delivered, he then must assume the responsibility as to what becomes of it after that time.

Mr. SHALLENBERGER. When the Government collects the mail from the box, the matter that is deposited in the box, it becomes under the general law mail matter, and we are responsible for it; that general law providing for many years that we will accept the mail tendered by the patron of the star route to our carriers, and that we become responsible for it when accepted. Now, we are giving a patron under the general law the additional convenience, if he chooses to exercise it, of going to the gatepost before the arrival of the carrier and depositing his mail within a receptacle chosen by himself, which will enable the carrier without delaying the mail to collect that matter. We are at the same time advising him that we will take the matter addressed to him at a given post-office, if he desires that it be done, for his own convenience and on his own request, and deliver that mail to him, in any designated way that will not delay the carrier, in a box reasonably secure, assuming that he should accept a part of the responsibility and expense of his own service.

Mr. SNAPP. I do not think you answered my question, Mr. Shallenberger. I would like to get your opinion on that matter. Is it your opinion that after the mail has been delivered at a place indicated by the patron, that then he shall assume to bear all responsibility in case of loss?

Mr. SHALLENBERGER. That is my conviction on star routes.

Mr. GARDNER. Has there been any inquiry made to ascertain the preference of patrons along star routes as to the kind of box they should use? Perhaps I should state the reason of that question. I asked eight farmers along a route last summer, a star route, what kind of boxes they would prefer, and they all made substantially the same answer: A four-sided box, protected, with one end in it.

They said that they had had the difficulty of sending their children down with mail, they did not go themselves, to the box at the corner, and the children would sometimes leave the lid open; or if they went after the mail they would leave the lid off, and the rain would get in; that they wanted a box long enough so that if the carrier wanted to deliver them a newspaper that was especially large it would not fill up the box; would not stick out into the rain. To my surprise I found that their preference was unanimous along that road for a simple four-sided box with one end closed, no lid, and they felt that it would always be dry, and no lid to leave open. With that incident in mind, I make the inquiry whether there has been any expression of the patrons as to the kind of box they would prefer?

Mr. SHALLENBERGER. Mr. Stone being in closer touch with the correspondence I will allow him to answer.

Mr. STONE. Our files will disclose, I think, but little on that subject, because our regulations to patrons along the route are that they can put up any kind of a box that is satisfactory to them; so we do not get an expression of opinion in the Department.

Mr. GARDNER. I was in a stage the last time I was up home, on a star route, where there are three daughters of a family, one of whom always meets the stage. The father came out at that time and I heard him say to the star-route carrier: "In case you are not here when you come along, throw our mail down by the gate." The carrier did not say whether he would or would not; I don't know what the regulation is about it, and I only cite the instance to show that on some of our routes the people are not particular about where their mail is deposited when they do not expect to receive important mail.

Mr. SHALLENBERGER. The theory of that is, that this request of the patron to a carrier can not be sufficiently proven, while if he erects a box himself at his gate for the express purpose of being served, that is proof that that service will be satisfactory.

Mr. GARDNER. Reverting for a moment to the increased cost of star routes per mile; as I understand it, bids are now being opened. Is that increase general in the eastern division?

Mr. STONE. There has been an increase in the last three lettings, I should say, which would cover the other three sections of the country.

Mr. GARDNER. Do you know the reasons for that?

Mr. STONE. The last lettings have provided for additional service in new contracts as compared with the old contracts. By additional service I mean a different class of service, this box delivery that we are speaking of.

Mr. GARDNER. Do you know whether it is true that the general prevalence of trolley lines have so reduced the stage travel that in many cases the carriers that heretofore relied upon stage travel for

the major part of their income are nearly deprived of that branch of the business?

Mr. STONE. That is true. We often have statements from bidders, in explanation of their increased bids, that the travel has fallen off on the route; and another reason very frequently given is that there are mail-delivery routes in that neighborhood receiving a much higher rate per mile, which is fixed by Congress, and the bidder says that he sees no reason why he should not have the same increase.

Mr. GARDNER. So he raises his price by force of the comparison?

Mr. SHALLENBERGER. Personally, I think a larger factor still is in the increase of wages, because living has increased, feed of horses has increased, and all service of this character.

Mr. STONE. I have been busy in the last two weeks going over these bids from the West, and it is frequently stated in the letters that the price of feed for horses has advanced and the price of labor also.

Mr. GARDNER. The star-route carrier, under your new regulation, does the work himself. He does not employ labor to do it other than his own.

Mr. STONE. We require that contracts be let with that condition—that the contractor must give his personal supervision to the service, not necessarily go out and carry the mail bag himself—but in many cases they do do it.

Mr. GARDNER. As bearing upon that, do you find more and more pressure to so arrange the mails that a letter received can be answered and the answer forwarded on the same day?

Mr. STONE. We always want to improve the service; that is one feature of it.

Mr. GARDNER. And these urgent requests make it necessary in many cases to give two mails a day?

Mr. STONE. Two mails a day are the exception. There are many routes having two mails a day, but out of the routes as a whole two mails a day are exceptional.

Mr. GARDNER. If you know, how does that cost per mile for two round trips compare with the cost per mile for one round trip a day?

Mr. STONE. The general rule is that the greater the frequency of the trip the less the rate per mile traveled.

Mr. GARDNER. Do you know about what percentage?

Mr. STONE. No, I haven't any figures on that.

Mr. GARDNER. It does not follow then that the increase of the round trip from one to two means a doubling of the expense by any means?

Mr. STONE. No, sir.

Mr. STAFFORD. What is the duty of the star-route carrier, so far as the collection of mail from these bags and boxes are concerned?

Mr. STONE. In all recent contracts he is required to collect the mail from the boxes along the line of the route.

Mr. STAFFORD. Is he obliged to stop at each individual box and examine it to see whether there is any mail there for collection?

Mr. STONE. The regulation provides that there shall be some signal on the box to attract his attention.

Mr. STAFFORD. If that is the case, that he is required to stop if a proper signal is given, is not that an argument that there should be

some regulation on the part of the Department as to the kind of box that should be used, so as to expedite the service and relieve the carrier of as much delay as possible?

Mr. STONE. The signal is there to indicate that there is mail to be collected. I do not see that the style of the box would have much to do with that particular feature.

Mr. STAFFORD. And yet there is no limitation as to the particular style of signal; it may be a piece of red ribbon, or a piece of blue, and at another box a piece of white ribbon and so on; it may be a piece of paper or any other kind or method, providing the carrier has some notice?

Mr. STONE. We do not prescribe any particular kind of signal.

Mr. STAFFORD. No matter how dissimilar the signals may be along the route, it is sufficient if it is there in some form.

Mr. SHALLENBERGER. In other words, there must be a mutual understanding between the patron who is served beyond the requirement of the law. The law only requires the carrier to take a letter handed to him by the patron.

Mr. STAFFORD. The purpose of my question was to ascertain the duty of the carrier so far as the collection of mail was concerned, and Mr. Stone said that his duty was to receive it from the individual boxes; so I got the idea that he was to examine all boxes upon some signal being given. Your statement is somewhat of a modification of that.

Mr. SHALLENBERGER. I was only going to say that the law in force for many years has only required us to serve the patron to that extent; yet we are trying now to serve him under these recent contracts to better purpose if he will in some way aid the Government in doing it in the erection of a box conveniently located for the carrier, and give him a convenient signal; otherwise the carrier may pass the box.

Mr. STAFFORD. If the signal is given under these new contracts the carrier is obligated to examine the box to see if there is any mail for collection, and it is not optional with the carrier to do so?

Mr. SHALLENBERGER. It is not.

Mr. SNAPP. Are there any star routes where the length of the route and the number of families supplied compare closely with the rural-carrier service?

Mr. STONE. I can not answer as to the exact data. I rather think it would be an exception where there would be a star route with 100 families on it. That is the general rule as to the number required for the rural service.

Mr. SNAPP. I was hoping that you might have that data and be able to give the committee what it cost to deliver mail along a route of that character.

Mr. STONE. We have no data here which would enable us to answer that question. Of course we have some at the Department.

Mr. SNAPP. You have compared this service with the rural-route service, giving the total number of routes from your recent report, which shows that the average number of families supplied is something like twelve or thirteen. Now, if you could, I would like to have you give to the committee the cost of the star-route service along the route that compares closely with the service of the rural carrier.

Mr. STONE. As to the number of boxes?

Mr. SNAPP. The number of boxes and the length of the route.

Mr. STONE. I think we could give you some data on that.

Mr. SHALLENBERGER. I think we can do that for a full length of route; at least for a certain length of route.

Mr. STONE. These statistics are made up from the reports of post-masters showing the number of boxes along the route. We can select a route having a number of boxes approximating the rural-delivery route, and give the cost of that route.

Mr. SNAPP. So that we can compare the cost with similar service in each branch—the star and the rural.

Mr. SHALLENBERGER. It should be understood that the star routes are largely maintained where rural service would be impracticable on long routes in the West where there are but few families.

Mr. FINLEY. Mr. Stone, I understood you to say a moment ago that star-route carriers carried closed pouches. As a general rule, I understood you to say, this service was not performed by rural-delivery carriers; am I correct?

Mr. STONE. I said it was the exception for the rural carrier to carry closed pouches to post-offices. His is a rural-delivery service, while the primary object of the star service is to carry closed pouches of mail between post-offices. The box delivery is merely incidental.

Mr. FINLEY. I wish to ask you if your attention has been called to the fact that in the South, at least—I know more about that section of the country than any other—and my particular State, the rule is always where the intervening section between the initial office that the rural route starts from, and a post-office out in the country where that intervening territory is covered by rural free-delivery service, the rule always is that the rural carrier is to take the locked pouch to the country office?

Mr. STONE. It is the general rule of the Department to discontinue the post-offices so far as practicable.

Mr. FINLEY. In a case of a post-office at the end of a rural route, with all the intervening section being covered by rural delivery, it often happens that a post-office can not be abolished at the end of a route, and it is necessary to supply that office with a locked-pouch service.

Mr. STONE. There is no doubt but you will find a good many cases in which the rural carrier does carry a closed pouch to one or more offices, but that is the exception. I am speaking of the general rule.

Mr. FINLEY. My knowledge of the facts is so at variance with what you stated as a general rule, that I wished to call your attention to the matter and see if I correctly understood you; that where all the territory around a town from which runs a number of rural routes is covered with rural-delivery service, at the end of those routes a post-office may be necessary because that territory is too far from the initial office to be supplied with the rural service, and that that office is invariably supplied by a locked pouch carried by the rural carrier?

Mr. STONE. In that class of cases undoubtedly it is true, but the total number of post-offices supplied by rural carriers in that manner must be very small compared with the total number of post-offices supplied by star routes with closed pouches.

Mr. FINLEY. I will ask you this question: Take a county that has, practically speaking, complete rural service, and there is necessity in

most cases for what is called loop routes, routes beginning at a post-office away from a railroad station, and to which office the locked pouch containing the mail for that office is carried. Now, in all such cases is it not true that the locked pouch is carried by the rural carrier?

Mr. SHALLENBERGER. It is not, and in no such case should it be carried by the rural carrier unless the conditions are peculiar. The theory of the star route is that it is an express service—where necessary, a closed-pouch express service. The rural service is an accommodation service to the patrons of the route. If three or more rural routes start from an interior point remote from the railroad they should start as early as possible after the train arrives, therefore an express service by a star route, with but little interruption, should be established between the railroad point and the interior point from which the rural routes start. If a rural route should start from the railroad it would be so long delayed in getting its closed pouch to the interior point as to defeat largely the expedition of the mail desired.

Mr. FINLEY. Now, General, I wish to say that I do not claim to be expert on the rules of the Department, but I do know something about the practices of the Department. I call your attention to this—that in the Fifth South Carolina district, in the counties of Cherokee, York, Chester, and Lancaster, conditions such as I have described actually exist, and I know of no case where the locked pouch for the interior office is not carried by the rural-route carrier. And now I will go further and ask you a question, don't you think that a proposition of that character is for the economy of the service?

Mr. SHALLENBERGER. I can not say so, because we can carry it for 6.5 cents per mile, whereas the rural carrier carries it for over 10 cents per mile.

Mr. FINLEY. But the rural carrier is paid for performing his regular service, and he gets no additional pay for carrying this locked pouch.

Mr. SHALLENBERGER. But we need not operate on the same road.

Mr. FINLEY. But he does in all cases such as I have mentioned.

Mr. SHALLENBERGER. Then we would not duplicate it, but we would say to the superintendent of rural-delivery service: "If in arranging the routes you can avoid the principal highway on which the star carrier at a lower cost delivers mail expeditiously, do so, and put your rural carriers on other routes, allowing the star carrier at a less cost and with greater expedition to use that route without the delay of taking money orders and registered letters and all this business without delaying the mail to deliver this mail to the interior office."

Mr. FINLEY. Now, by way of illustration, take the county of York, in which I live. There is no star route in that county. There are two loop routes, and those loop routes start at a post-office remote from the railroad office, and from which railroad office there is a rural route extending out to this interior office, and the locked pouch for that office (for the interior office) is carried by the rural carrier. Now, I asked you a while ago if the rules demanded that this locked pouch should be carried directly by the star-route carrier.

Mr. SHALLENBERGER. Not under all circumstances. Now, I will explain. If the patrons of that route are not too numerous, so that they

will delay substantially the rural carrier, he may take the locked pouch out to that interior point by a direct route. Then he may from that make the circuit of his rural patrons until he gets back to the railroad point, but in that case he will give a less service and will not return over the route that he went out upon and will not enable the patrons of that route to mail replies the same day. It is an inferior service at a little greater cost.

Mr. FINLEY. But I called your attention to York County, S. C., where there is not a single star route, and I wish to know if this service is performed in this way, is it irregular?

Mr. SHALLENBERGER. Not at all.

Mr. FINLEY. Now, isn't it true that in many instances, and in many of the States, these interior offices could be reached by the rural carrier taking a locked pouch to that office, and that the service is performed by a star-route carrier? Isn't that the general rule?

Mr. SHALLENBERGER. That is true, not as a rule, but exceptionally.

Mr. FINLEY. I mean generally speaking—as a practice?

Mr. SHALLENBERGER. I would not say as a practice; it is the exception.

Mr. FINLEY. Then, could you give any estimate of about the number or the percentage?

Mr. SHALLENBERGER. Mr. Stone may be able to answer that question substantially; I do not know that we have any statistics.

Mr. STONE. I would say this, that our Bureau is constantly in conference with the rural delivery bureau on these very questions, and wherever we can discontinue a star route without substantial injury to the service—the service to be covered by the establishment of a rural route—we take such action.

Mr. FINLEY. What would you call “substantial inquiry” to the service? I would like to get at some definition of the rule. I merely want to bring out the facts as nearly as I can, because, in my opinion, this practice has resulted in Congress being unable to reduce this appropriation.

Mr. STONE. Do you want an illustration?

Mr. FINLEY. Yes, or some explanation of your rule.

Mr. STONE. Suppose an interior office, from which a star route runs down to the railroad, connects with the noonday train which brings the daily papers from an adjacent city, and the interior office is thus able to dispatch its mail that day and to receive the daily papers the same day, and this office is a big office, having stores and a good deal of business. Now, it is proposed to start a rural route out from that railroad town in the morning before this train has arrived, this noonday train which brings the papers, and that that rural route has a circuit of 24 miles. The rural-route carrier having to start in the morning, and if you abolish the star route in that case and require the interior town to receive its mail by the rural route, the people who get their papers would have them one day late, and all of the commercial mail, not only the incoming but the dispatch mail, would be equally delayed. We have to judge each case as it comes up.

Mr. SHALLENBERGER. And those exceptions are where the Department for good reasons can not abolish the interior post-office, which is the theory of the rural service?

Mr. FINLEY. There are a great many cases of that character.

Mr. SHALLENBERGER. There are certain cases in which the village is large enough and the business large enough, and the station remote from the railroad, so that the circumstances would justify the Department in having the commercial mail, after the arrival of the noonday train, that the interior office is served by a star route. In those cases the star-route carriers have to traverse 22 or 24 miles before the arrival of the train.

Mr. FINLEY. Can you give me the percentage of cases like that?

Mr. SHALLENBERGER. That percentage we do not have, but it is the exception, not the rule.

Mr. FINLEY. The practice in my country has been to oblige the rural carriers to take the locked pouch, even if the papers were a day late.

Mr. SHALLENBERGER. I may say that that was the practice a few years, and we abolished the star routes on the slightest request for the establishment of rural delivery. But a little later we found these conditions arising, and the influences that had secured the annulment or cancellation of the star-route contracts came back to us and had it reinstalled.

Mr. FINLEY. Then there is a change in the practice of a few years ago, and a continuing and reestablishing of star routes to interior points?

Mr. SHALLENBERGER. Yes; those that had been abolished without mature consideration.

Mr. STAFFORD. Which department passes upon the conflict or duplication of star and rural service, your department or the Fourth Assistant's department?

Mr. SHALLENBERGER. Jointly; we are in daily conference, and we substantially agree to all of these questions.

Mr. STAFFORD. There is no one bureau that is charged with that matter?

Mr. SHALLENBERGER. No.

Mr. STAFFORD. There is no division of authority by reason of the rural service being under the Fourth Assistant and the star-route service being under the Second Assistant?

Mr. SHALLENBERGER. There is a division of responsibility and authority without a conflict of authority.

Mr. FINLEY. Passing from that to another phase of the question, in recent lettings of contracts, how much competition, as compared with former years, has there been?

Mr. SHALLENBERGER. There has been a better local competition than we have ever been able to secure in former years.

Mr. FINLEY. Has that not resulted from requiring the contractors to live in the community served by the star route?

Mr. SHALLENBERGER. We think so; it has given encouragement to the local bidders to put in their bids, not fearing that some speculative bidder at a distance will invariably secure the contract.

Mr. FINLEY. General, I have not taken the trouble to figure out here the cost per mile for daily service—that is, service six days in a week upon a star route; have you any figures showing that?

Mr. STONE. We have no figures here based upon the service as a whole.

Mr. FINLEY. That amounts to about what per mile—that is, taking the length of the route, say a route is 24 miles long?

Mr. STONE. We take the actual mileage of the whole country and the actual frequency, and figure out exact results.

Mr. FINLEY. Using the length of the route?

Mr. STONE. The length of the route and the frequency of the trips and the cost; three factors. Your section is the south—the second-contract section.

Mr. FINLEY. That is about what per mile?

Mr. STONE. It is 5.63 per mile traveled.

Mr. FINLEY. And the other division?

Mr. STONE. I have just given testimony as to that. The first-contract section, 6.60; the second-contract section, 5.63 cents; the third, 6.59; and the fourth, 6.58 cents.

Mr. FINLEY. That is per mile traveled—every mile that is traveled? Would it be convenient for you to give the figures as to the daily service?

Mr. STONE. It would not be possible without an immense amount of labor.

Mr. FINLEY. I know it would be for me, but I did not know what facilities your office had. Is it not true that the tendency is to increase the cost as new contracts are made?

Mr. STONE. In the last lettings that has been the case. I would like to make a correction of the figures that I gave when I first testified on that point. They were of a later date, July 1 of this last fiscal year, and they had better be substituted for these that I have just given to Mr. Finley, which were at the close of the lettings, the service in his section having varied some since then.

Mr. FINLEY. Then have you figured the general average of cost per mile?

Mr. STONE. For the whole United States it is 6.54 cents.

Mr. FINLEY. In what sections of the country east of the Mississippi has there been an increase of demand for star-route service within the past year?

Mr. STONE. I could not state. I know there is a little increase; but I would not be able to say whether it is greater in one section than in another.

Mr. FINLEY. I observe from the table here that some of the States have very few star routes in operation. Take South Carolina, 260; Georgia, 390; Indiana, 192; Illinois, 154, and Iowa, 105. Now, is it not true that in those States rural delivery service extends practically all over the States, and that accounts for the small number of star routes in those States?

Mr. STONE. Universally you will find that in those States there are a large number of rural delivery routes; but I can not answer that question exactly as to whether it covers the whole State.

Mr. FINLEY. Otherwise that would be an unusual condition, would it not? Take Iowa, with 105 star routes.

Mr. STONE. As the rural routes increase, the star routes tend to decrease.

Mr. SHALLENBERGER. It would be affected by the introduction of electric and cable car service between towns in such sections of the country as well.

Mr. STONE. And the establishment of new railroad service, which abolishes star routes.

The CHAIRMAN. We will pass to the next item, the appropriation for inland transportation by steamboat or other power-boat routes, \$810,000. The amount for the current fiscal year is \$725,000. You recommend an increase of \$85,000.

Mr. STONE. This is an increase, as you say, of \$85,000, or 11.72 per cent.

The CHAIRMAN. Is that occasioned by additional routes, or by an increase of rates on existing routes?

Mr. STONE. Both; but the principal item will be the reletting of all the steamboat contracts in the fourth contract section, the same as the star routes. We follow the same section of the country.

Mr. SNAPP. The fourth contract section covers what?

Mr. STONE. The States and Territories west of the Mississippi River, excepting Minnesota, Iowa, and Missouri. It also includes the steamboat service between Seattle and Alaskan points, and also the service between San Francisco and Honolulu.

The CHAIRMAN. What occasions the increase in contract rates over the same routes which have been contracted for in the past?

Mr. STONE. The reason has been given to us by bidders of increased cost of fuel, expense of operating the boats, and steamships. Some of those have to be ocean steamships, and we have estimated that this increased cost in the fourth-contract section will be about 8 per cent. We have no definite figures as yet.

The CHAIRMAN. This estimate upon which you base your recommendation for the full amount?

Mr. STONE. That is one factor. I was going to give you another factor. In the reletting of the service last year, which fixed the expenditures for this year, that reletting was in the far east, including the New England and the middle states. We had estimated that the increase would be 10 per cent, and we made our estimate of the appropriation covering this service for the current year on that basis. We have found contracts as made cause an increase of 19 per cent, so that will make a larger draft on the appropriation for the current year than we had anticipated at the time we submitted the estimate for the current year, and that affects, of course, our estimate for this next year.

The CHAIRMAN. What will probably be the amount of expenditure during the current fiscal year from this item, on the basis of the existing contracts?

Mr. STONE. The expenditures for the whole of this fiscal year on the contracts as they stand now, if we make no increases at all, will be \$758,000. That is our estimate. I might mention that the annual rate on the first day of this fiscal year was greater than the appropriation for the year—about \$46,000. That is due in part to that increase in reletting the eastern section being greater than we had estimated.

The CHAIRMAN. The expenditure for this service for the fiscal year 1905 exceeded the expenditure for the fiscal year 1904 by only about \$25,000. Why do you ask so much greater per cent of increase for the next fiscal year?

Mr. STONE. The per cent varies a good deal from year to year

according to the sections relet. Some of our sections have a great deal of steamboat service, notably the far east and the far west. Other sections of the middle west do not have so much.

The CHAIRMAN. Do the contracts of some one section expire each year?

Mr. STONE. Yes, sir; the United States is divided into four sections, and one is let each year for a period of four years. The increase in expenditure four years ago was 15 per cent.

The CHAIRMAN. But, Mr. Stone, the increase in this particular item for the fiscal year 1901 was less than \$25,000 more than for 1900. The increase for 1902 was about \$80,000 more than for 1901. For 1903 it was about \$40,000 more than for 1902. For 1904 it was less than \$25,000 more; and you are making a calculation on a greater increase for the next year than has existed in any one of the last five years, excepting one.

Mr. STONE. That one instance is four years ago, that same section.

The CHAIRMAN. You find that the increase in the fourth section is greater in per cent at each letting than in any one of the other three sections. If that is so, why should that increase be so much greater in per cent than in the other three sections?

Mr. SHALLENBERGER. I would suggest that this particular year our service to Honolulu and Alaska had been in a measure new service.

The CHAIRMAN. This takes in the Hawaiian service, does it?

Mr. STONE. All of the Alaskan service, including the service from Seattle.

Mr. SNAPP. Did you say that it is practically new service?

Mr. SHALLENBERGER. Within four years.

Mr. STAFFORD. Do I understand you to say that from this appropriation is paid the service for carrying the mail from San Francisco to Honolulu?

Mr. STONE. Yes, sir.

Mr. STAFFORD. And also from Seattle to the Alaskan ports?

Mr. STONE. Yes, sir.

Mr. STAFFORD. Do you consider that inland transportation?

Mr. STONE. As distinguished from foreign, yes, sir.

The CHAIRMAN. Because it is between United States ports?

Mr. STONE. Yes.

Mr. STAFFORD. I thought that was covered under that section of the bill that provides for transportation of mails by foreign steamship lines.

Mr. STONE. Foreign mails; that means to foreign countries. We make that distinction between the United States ports and foreign ports.

Mr. SHALLENBERGER. It will be remembered this does not include all service to Honolulu, because foreign steamship lines stopping at Honolulu also serve them.

Mr. STAFFORD. It was my impression that the steamship lines between this country and Japan and the Philippines were paid out of the other appropriation, and that it included mail destined to the Hawaiian Islands.

Mr. SHALLENBERGER. Steamers starting from San Francisco, many of them, stop at Honolulu on their way to the Orient. They carry the mail, and in addition to that, we find it necessary to put on the service we are now referring to.

Mr. FINLEY. What is the difference in cost of transportation between the two services—between San Francisco and Honolulu?

Mr. SHALLENBERGER. I have not estimated that. One is under contract and the other by the pound.

Mr. FINLEY. I thought you had some data showing the difference in cost.

Mr. SNAPP. This service would be by the pound?

Mr. SHALLENBERGER. This is a contract service.

Mr. STONE. I can not give you the exact data, excepting that the mail that goes to foreign countries is more expensive than the mail to domestic ports.

Mr. STAFFORD. Do the contracts show for the carriage of mail between San Francisco and Honolulu under this item a greater rate than is paid for the carriage of like mail by foreign steamships supplying from the same port and passing beyond?

Mr. SHALLENBERGER. It does not in all cases.

Mr. STAFFORD. I understood Mr. Stone to say that one was cheaper than the other.

Mr. SHALLENBERGER. I think perhaps he would modify that statement a little and say, that perhaps as a rule it is, but not in all cases. We have mail service on foreign steamship lines which is cheaper, much cheaper than the service on the steamers carrying under the American flag.

Mr. STAFFORD. What is it in the individual case of the carriage of mail between San Francisco and Honolulu by this contract service, and then by the other service when it is carried by boats supplying points beyond?

Mr. SHALLENBERGER. We have not the figures with us.

Mr. STAFFORD. Do I understand that there is no contract at present existing for the carriage of mail only between San Francisco and Honolulu, and that that is going to be made now?

Mr. SHALLENBERGER. Not at all.

Mr. STAFFORD. You haven't the data at present to determine which is the cheaper or which is the dearer?

Mr. SHALLENBERGER. I think it would be impracticable for the reason that we pay a steamer from San Francisco to Yokohama or Hongkong a certain rate per pound for the trip, stopping at one or more places.

Mr. STAFFORD. Based upon the amount of mail carried on each trip, or an average computation similar to pay for the railway-mail service?

Mr. STONE. Actual weights taken.

Mr. STAFFORD. For each individual trip?

Mr. STONE. Yes.

Mr. SNAPP. What is the rate?

Mr. SHALLENBERGER. It amounts to about 44 cents per pound for letters, and 4 cents and a fraction for prints.

Mr. STAFFORD. How is this contract let for the carriage of mail exclusively between San Francisco and Honolulu?

Mr. SHALLENBERGER. If you will pardon me, I will extend that answer that I last made a little to say that that applies to foreign steamers. The rate to steamers under the American register is \$1.60 per pound for letters and 8 cents per pound for prints.

Mr. STONE. By advertisement or proposals, the same as all other domestic steamboat contracts.

Mr. STAFFORD. Does the increase in this appropriation that is before us arise from the extension of new service by coastwise vessels in the first division between the Atlantic ports and our insular possessions—like Porto Rico?

Mr. STONE. No; the Porto Rico contracts do not enter into this reletting. They carry the same sum that they have carried for the current year.

Mr. STAFFORD. Is the Porto Rican service paid out of this item?

Mr. STONE. Yes, sir.

Mr. STAFFORD. Does this increase arise from any extension of the service in the interior of the country?

Mr. STONE. It carries all of the interior service that may become necessary. There is not a very large increase in the interior.

Mr. STAFFORD. As far as the rates for the carriage of mail on the Great Lakes is concerned, is the tendency to increase there, or is it about the same as under the last contracts?

Mr. STONE. There is very little service on the Great Lakes—just a couple of routes across Lake Michigan; but I think there has been a slight increase in the letting of two years ago, but not much.

Mr. SHALLENBERGER. The Lakes are not included in the present letting. Only the States west of the Mississippi, with the exception of Minnesota, Missouri, and Iowa.

Mr. STAFFORD. Was it in the letting of last year?

Mr. STONE. That was in the Far East. That was two years ago.

Mr. FINLEY. I notice from your table that the increase in the annual travel is one-tenth of 1 per cent, the increase in the rates of cost per mile traveled is 2.51 per cent, and the increase in the rate of the cost per mile of length is 1.7 per cent. Now, I would like to ask you if the increase in cost per mile of length arises on account of the increased business or the increased pay to the persons performing this service?

Mr. STONE. The mail on the steamboat routes increases just the same as the mail over the whole country increases. Then there is an increase in the weight of the mail on the majority of the lines.

Mr. FINLEY. So that accounts for this increase in postal business?

Mr. STONE. Largely.

The CHAIRMAN. We pass to the next item for mail-messenger service. The present appropriation is \$1,300,000, and you ask \$1,375,000, an increase of \$75,000, or 5.76 per cent. Will you explain the necessity for that increase?

Mr. STONE. This is practically the same rate of increase that has obtained for a number of years past.

The CHAIRMAN. Simply an increased volume of business?

Mr. STONE. Yes, sir. In fact that is slightly less than the increase of expenditure of the last year over the preceding year—6.30 per cent.

The CHAIRMAN. Was not the increase for 1906 8.33 per cent?

Mr. STONE. We are on 1906 now.

The CHAIRMAN. The increase for 1906 was 8.33 per cent, and the estimate you make for 1907 carries an increase of 5.67 per cent, so that the rate of increase for the next year is not as high as the rate of increase for the present year. What was the annual rate of ex-

penditure out of this item, as judged from the figures you have at your command at present?

Mr. STONE. The annual rate of expenditure on December 31, 1905, was \$1,278,611.

Mr. GARDNER. Why does the expenditure for the item of mail-messenger service increase?

Mr. STONE. Mail-messenger service is let by competitive bidding, and under an arrangement whereby the messenger's pay continues the same as long as he performs the service, but he has the option of resigning on thirty days' notice, and the Department the option to readvertise whenever it thinks best to do so. They are constantly sending in their resignations from time to time, and that has resulted in an increased service on the railroads to which they carry the mail. If a service is relet and at that time there is a certain frequency of trips to be performed the next month or the next year, and the train service increases, the messenger can not get any more money without resigning and having the route readvertised. Then it is open to competition again, when new trains are placed upon the railroad and the frequency of service increases there, or a new railroad service is established, all of which causes the messenger service to increase.

Mr. GARDNER. Do you notice any difference in the rate of increase between the different sections of the country?

Mr. STONE. I don't know that I have the figures. I think our annual report gives a statement by sections. On page 74 of the annual report you will find the cost of the mail-messenger service by States and by sections. It would only be necessary to divide the footing in any State or in any section by the mileage to get the exact rate per mile.

Mr. GARDNER. Have you any way of telling what proportion of these contracts have been taken by old soldiers?

Mr. STONE. I could not answer offhand, but we do give preference to old soldiers in considering bids where other things are equal.

Mr. GARDNER. Would your records show this to be the fact, that the mail-messenger service has been performed largely by veterans who have been crippled to a greater or less extent and drawing pensions, and that they are dying off, and that other people will not bid as cheaply?

Mr. STONE. There are many veterans in the service, but I don't know that we could say that they performed such a large proportion as to make that difference.

Mr. FINLEY. In reference to contracts, do you say that they can, on thirty days' notice, throw up the contract?

Mr. STONE. Yes, sir.

Mr. FINLEY. And you must relet?

Mr. STONE. Yes, sir.

Mr. FINLEY. There has been no change in the law or rules of the Department in recent years as to the liability of railroad companies to transport the mail to and from post-offices?

Mr. STONE. No, sir; no change.

The CHAIRMAN. The next item is for the transmission of mail by pneumatic tubes or other similar devices. The estimate for this service, as originally transmitted, was for \$822,000, which I believe is the aggregate sum for contracts at present authorized by law; but I

think a supplemental estimate was made, or, at all events, a recommendation from the Department, increasing this sum. Will you make whatever statement now, Mr. Shallenberger, that you desire upon this item?

Mr. SHALLENBERGER. I would say that the estimate of \$822,000 is to cover the service now under contract, with the understanding that new advertisements will issue in a very short time to provide for a continuance of that service.

The CHAIRMAN. By reason of the expiration of existing contracts?

Mr. SHALLENBERGER. Yes; on the 30th day of June next.

The CHAIRMAN. What proportion of the contracts now in operation will need to be renewed within the next year?

Mr. SHALLENBERGER. All of the routes now in operation will be re-advertised, if it is the pleasure of the committee to grant this appropriation for service beginning July 1, 1906.

The CHAIRMAN. Do I understand that all of the present contracts will expire on the 30th of June?

Mr. SHALLENBERGER. With the exception of Chicago and St. Louis, which run one year longer.

Mr. SNAPP. How much of that appropriation would it require for the St. Louis service only in the next fiscal year?

Mr. SHALLENBERGER. The contract rate for St. Louis is \$48,267.

The CHAIRMAN. That is the full amount for the full mileage. There is a fractional part of that service not yet in operation.

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. The sum you named is the full service.

Mr. SHALLENBERGER. The service in operation June 30 last was \$32,541.30.

Mr. SNAPP. Then, to provide sufficient to pay for the compensation under the contract for the next fiscal year would require how much?

Mr. SHALLENBERGER. \$48,267.

The CHAIRMAN. Is all of the Chicago contract in operation?

Mr. SHALLENBERGER. The Chicago contract calls for 8.7 miles, at a compensation of \$119,625. It is all in operation, successful operation.

The CHAIRMAN. And all of the Boston contract is in operation, I believe?

Mr. SHALLENBERGER. Boston is all in operation, \$110,240.

The CHAIRMAN. And Brooklyn?

Mr. SHALLENBERGER. Brooklyn is a part of the New York contract.

The CHAIRMAN. All in one?

Mr. SHALLENBERGER. All in one.

The CHAIRMAN. What proportion of the New York contract is in operation, and what is the amount called for to pay for it?

Mr. SHALLENBERGER. The amount in operation on June 30, 1905, called for \$115,123.54.

The CHAIRMAN. For what mileage?

Mr. SHALLENBERGER. A mileage of 6.85.

The CHAIRMAN. How much is the mileage authorized for New York?

Mr. SHALLENBERGER. The mileage under contract is 24.65, involving an appropriation of \$414,145.74.

The CHAIRMAN. What is the situation with respect to Philadelphia?

Mr. SHALLENBERGER. Philadelphia had in operation on June 30, 1905, an amount of \$23,494.

The CHAIRMAN. How much mileage?

Mr. SHALLENBERGER. A mileage of 1.38.

The CHAIRMAN. What mileage is authorized there?

Mr. SHALLENBERGER. The mileage authorized and under contract is 7.64, involving a compensation of \$119,914.

The CHAIRMAN. Will the Philadelphia contract probably be in completed form during the next fiscal year?

Mr. SHALLENBERGER. We are advised that the difficulties have been overcome, and that the contract is proceeding.

The CHAIRMAN. What is the status with reference to the New York contract?

Mr. SHALLENBERGER. The New York service is temporarily suspended by reason of the fact that the company passed into the hands of a receiver. The bondholders brought suit against the operating company for the enforcement of the payment of the interest on the bonds. The bonds were issued by a lease company, the present contractor having secured a lease from another company covering a four-year period and, the interest on the bonds falling due and defaulting, the bondholders brought suit to recover and temporarily secured from the courts possession of the property, which interrupted the service. Negotiations have been pending between the two companies for settlement, which as yet has not resulted favorably.

Mr. SNAPP. Would it interrupt the service of that part of the line which was completed?

Mr. SHALLENBERGER. Interrupting the service on a portion of the line which was completed. The contractor being unable to perform service under the contract, all pay was withheld and temporary service established by wagon pending the settlement of the trouble.

The CHAIRMAN. You make a recommendation for additional authority, which would involve an additional expenditure when the contracts under that additional authority should be completed. Will you at this point state to the committee what that recommendation is and make such suggestions in support of the recommendation as you may have to make?

Mr. SHALLENBERGER. I would state that the Postmaster-General, pursuant to the general law, appointed a commission of experts, who investigated the needs of the service in several of the important States other than those in which the service is now installed, and that report was received at the Department too late to enable him to digest the same and include the recommendation for the extension of the pneumatic-tube service. Later, in a formal letter addressed to the Secretary of the Treasury, he approved the recommendation of this expert committee, and has made a recommendation which he desires, and I desire, shall be incorporated in the present bill in these words:

For the transmission of mail by pneumatic tubes or other similar devices, one million two hundred and thirty-three thousand six hundred and seventy-six dollars and eighty-four cents; and the Postmaster-General is hereby authorized to enter into contracts, under provisions of the law applicable, for a period not exceeding ten years, with the option of purchase by the Government of tubes and appurtenances, including valid patents deemed essential to construction and maintenance, at the end of any year of the contract term after four years, on one year's notice, and with the right of terminating, at the discretion of the Postmaster-General, any such contract at the end of any year of the contract term after four years, on one year's notice.

The object of this amendment being largely to provide against the possible interruption of the tube service similar to that which has occurred in recent months, and at the same time—that is, by an option of purchase if the interest of the Government shall so appear to provide for the immediate completion of the service now under contract by enabling bidders under the new advertisement which is soon to issue—to have an assurance of a longer contract than four years.

Inasmuch as the service must necessarily be installed in large postal stations which in recent years are under a lease of ten years, for the reason that it is in the interest of the Government to take a station under a ten-year lease rather than a four-year lease; therefore, for the same reason it is in the interest of the Government to give a contract for the service involving a large expenditure for permanent machinery for a ten-year period rather than four years, and so recognized in our law providing five and ten year contracts for ocean service rather than four. The length of the contract enables capital with more assurance to take bonds at a reasonable rate of interest, and this enables the contracting companies to complete the operation of their line at less expense, all of which reacts in the interest of the Government by reducing the classes of bids tendered.

At the same time the Postmaster-General felt that it would be wise to retain the option, both for purchase outright and of the cancellation of the contract after four years, if, for any reason, on one year's notice he deemed it best to do so. Therefore, we believe that as we have kept within the requirements of the law in the extension of this service and, as our reports will clearly show to the committee, have made very conservative recommendations in the cities visited, and inasmuch as the service has proven of such inestimable value in the city of New York during the recent strike when all surface traffic was interrupted, and when for a considerable period of time it carried the first-class mail passing between the general post-office and the Grand Central station, it is believed to be in the interest of the Government that we should now recognize the fact that the pneumatic tube has passed beyond the experimental point, and we should take such measures as will give the Department satisfactory control of it. I therefore ask that this amendment be adopted, so that instead of delaying longer the full completion of the service under contract and the installation of the service in limited sections of other cities, we can within the next year advertise with reasonable hope of success.

The CHAIRMAN. If this amendment for additional service should be granted by Congress, it ultimately would involve the annual outlay for this service of \$1,233,676.84. How much appropriation would be necessary to be carried for the next fiscal year?

Mr. SHALLENBERGER. If this service could be installed within the next fiscal year fully the estimated amount would be required.

The CHAIRMAN. That is true; but do you think it possible that contracts could be made after the 1st day of July so as to put the entire service into operation during the year to such an extent as it would require all of the appropriation? I am trying to ascertain just what amount is necessary to be carried for the next fiscal year.

Mr. SHALLENBERGER. I appreciate your point, and will say that it will be scarcely possible, although the facilities now are very much greater and better for all of this service to be installed within the year. The increased estimate is \$411,485.10 covering the one year.

The CHAIRMAN. That would cover all the contracts?

Mr. SHALLENBERGER. The increase for new contracts. Now, if those new contracts—the new service—shall not be in operation until October 1, one-fourth of that would be in the Treasury. If within six months after the first of the year one-half of that would remain in the Treasury. It is all contingent upon the time when the service will be fully completed, tested, and certified.

The CHAIRMAN. But, Mr. Shallenberger, \$822,000, I understand, would be sufficient to pay for all of the service for the next fiscal year as at present authorized.

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. Now, what proportion of new service recommended by you to cost \$411,485.10 would probably be in operation during the next year calling for a payment during that year? Would you think it advisable or necessary to appropriate the full amount, even if the full authority was granted?

Mr. SHALLENBERGER. I would not; if the full authority were granted to enter into contracts for the service, I would not deem it necessary to make the full appropriation.

The CHAIRMAN. What proportion of the appropriation would you think it necessary, in the event the full authority were granted, to grant?

Mr. SHALLENBERGER. I would say that three-fourths of the additional service can be—

The CHAIRMAN. Three-fourths of \$411,000?

Mr. SHALLENBERGER. Mr. Crew, will that cover it?

Mr. CREW. Yes; easily.

The CHAIRMAN. Then you are positive that if this additional authority is granted that you could have all of the service at present authorized and the additional service asked for in operation by the 1st of October next?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. Could you begin to put into effect this new authority prior to the 1st of July?

Mr. SHALLENBERGER. Just as soon as we get the contract.

The CHAIRMAN. Then you would begin to advertise?

Mr. SHALLENBERGER. Indeed, we could advertise to-day for the service now under contract under the law, but we could not advertise for any extension of service until the authorization of Congress is given for it.

The CHAIRMAN. Do you have any encouragement for a less rate per mile in any of these contracts now in operation than that provided in the existing contracts?

Mr. SHALLENBERGER. I have not any such expectation.

The CHAIRMAN. Your estimates are made upon the basis of the maximum rate per mile?

Mr. SHALLENBERGER. I think so.

Mr. CREW. Yes, sir.

Mr. SHALLENBERGER. \$17,000, the limit. In view of the fact that so little of the service falls below that all extensions are on that basis. In the last few years we have not been able to enlist capital for the completion of the service at that rate.

Mr. STAFFORD. How about Chicago?

Mr. SHALLENBERGER. That was by reason of having been already connected with our contract service in other cities.

Mr. STAFFORD. Will you kindly explain wherein it was lowered by reason of connection with other contract service?

Mr. SHALLENBERGER. Well, I can not explain except on the theory that the competition then existing locally was of such an active character, and the feeling so bitter between the companies, that the service was accepted at those low rates rather than lose the control at the time.

Mr. STAFFORD. There was a lower rate than the prescribed maximum rate at St. Louis?

Mr. SHALLENBERGER. Yes.

Mr. STAFFORD. Did the same conditions prevail at St. Louis as at Chicago?

Mr. SHALLENBERGER. Not the same conditions, not to the same extent; but the same conditions prevailed. They were competing companies, and one was seeking to defeat the other.

Mr. STAFFORD. Does not the difference arise, from an economical standpoint, by reason of the nature of the soil in which they are operating? I am speaking of the rates at which these contracts are made.

Mr. SHALLENBERGER. To some extent.

Mr. STAFFORD. In New York the maximum is allowed, and there is no complaint that it is not sufficient to have the entire service established there.

Mr. SHALLENBERGER. There is complaint that it has not been sufficient to justify capital in taking the bonds.

Mr. STAFFORD. Wherein are the conditions different in Boston from those in New York? In Boston the service is complete, and has been for years, and the rate is the same.

Mr. SHALLENBERGER. It is claimed in Boston that the company bidding had capital of its own engaged in other specialties, which enabled it to install the service without bonding.

Mr. STAFFORD. Is that company still in existence, and is it one of the competitors for this service?

Mr. SHALLENBERGER. It is.

Mr. STAFFORD. Wherein are the conditions different in Philadelphia, so far as the nature of the soil is concerned, than those in Boston?

Mr. SHALLENBERGER. I could not give any exact reply to that. I do not know that there are any essential differences.

Mr. STAFFORD. What are the difficulties that you have spoken about that have been overcome so as to provide for the extension of the contract in Philadelphia when it has lapsed as to four-fifths of the service for more than three years?

Mr. SHALLENBERGER. That I am unable to say, except that capital seems to have a little more confidence. There seems to be a little more confidence there for some reason, and they have been able to make arrangements which justified their going forward.

Mr. STAFFORD. There has been no difficulty so far as obtaining the right from the municipal authorities to lay the conduit that are used in the construction of this service in Philadelphia and in New York, but it is due, as you believe, to lack of confidence on the part of promoters or persons willing to invest?

Mr. SHALLENBERGER. I rather think so.

Mr. STAFFORD. On the part of investors?

Mr. SHALLENBERGER. I think so.

Mr. STAFFORD. From the present condition of the different companies who are in the field for this service, can you estimate how much competition there would be if new contracts were let?

Mr. SHALLENBERGER. I can not estimate; I can only say that we have been advised by the contesting parties in New York that they will both bid if we issue an advertisement at present.

Mr. STAFFORD. Who are the contesting parties there?

Mr. SHALLENBERGER. The company which owned the line from the New York post-office to the Grand Central Station and which leased its lines to the contracting company which had the service from New York to Brooklyn at the last letting, that company now by order of the court having secured possession of all lines under lease and being independent of the present contracting company.

Mr. STAFFORD. Has it any connection with the company operating the tubes in Boston?

Mr. SHALLENBERGER. No.

Mr. STAFFORD. Or those operating the tubes in Philadelphia?

Mr. SHALLENBERGER. I am not prepared to say whether it has or has not.

Mr. STAFFORD. Do you know how many different companies, not merely different in name, but different in their personnel, that are competing for this service?

Mr. SHALLENBERGER. I only know of those two.

Mr. STAFFORD. What economy is had, if any, or saving in revenues, upon the establishment of this pneumatic-tube service?

Mr. SHALLENBERGER. I can not give the figures regarding economy, but I will say that we save by reducing very largely the wagon service, and especially the frequency of wagon service; by reason of the establishment of the pneumatic tube which carries first-class mail only, the mail which needs the special expedition and frequency.

Mr. STAFFORD. Are you, or your assistants present here, acquainted with the conditions existing in Philadelphia in the districts in which the pneumatic-tube service has recently been projected and where it is about to be put in operation, that is, running from the main station out Ninth and Market streets, up Tenth street, and connecting with the subpostal station on Fairmount, and going from there up to the postal station on Columbia avenue?

Mr. SHALLENBERGER. I think I may refer the committee, and make it part of my testimony, to the report of the expert commission which has recently filed its report covering Philadelphia.

Mr. STAFFORD. Well, the Philadelphia service that has recently been projected is based upon the report of the commission of several years ago under which a contract was let, is it not, rather than upon any report of any new commission?

Mr. SHALLENBERGER. I will read from page 35 of my report:

Some changes in the tube system heretofore recommended and now under contract, of which 6.26 miles is not completed, but on which work is now in progress, are suggested, owing to a change in the location of West Philadelphia Station, so that it is now located at the Pennsylvania railroad depot at Thirty-second street, and the building of a subway which will be conveniently situated to handle the mails between the general post-office and that station. The 6.242 miles of new service recommended connects the most important stations and the general post-office, and are now under contract except 1.90 miles to connect Southwark Station and Station D.

That is a full explanation of the changes.

Mr. STAFFORD. Now, is it not a fact that they have electric-car service for the carriage of first-class mail to the various substations throughout the city?

Mr. CREW. Most of them; yes.

Mr. STAFFORD. It is not true that the same service exists in Boston?

Mr. CREW. Yes, connecting most of the substations in Boston.

Mr. STAFFORD. And that at present in Philadelphia, in the district which has not had the pneumatic-tube service—though the tube service has recently been projected under the old contract—those stations are being served to-day, not by screened-wagon service, but by service from the electric cars?

Mr. CREW. Partly by electric cars, and partly by wagons, in Philadelphia.

Mr. STAFFORD. And the electric-car service in that locality operates, or can operate, with such frequency as the Department desires?

Mr. CREW. Yes; but I would like to qualify the answer to that. We have had trouble in getting extensions of the electric-car service in Philadelphia; the companies there are not anxious to take the mail at the rates.

Mr. STAFFORD. There is no demand on the part of the company to cancel the electric-car service now in operation, is there? As at present, the car service extends to postal stations there situated?

Mr. CREW. Yes.

Mr. STAFFORD. And this electric-car service can supply these outlying stations with postal service when the mails are collected at the Philadelphia post-office and ready for dispatch within an hour or two after their receipt?

Mr. CREW. Possibly; but the pneumatic tube is a continuous service, and the mail can be sent at once.

The CHAIRMAN. May I interrupt to inquire whether or not the mileage at Philadelphia includes additional service or service already authorized? My understanding is that in your recommendation for additional service you are not asking for any additional service in Philadelphia beyond that already authorized.

Mr. CREW. We recommend it, in accordance with the paragraph which Mr. Shallenberger read from his report—1.91 miles of additional service.

The CHAIRMAN. That is in addition to that already authorized?

Mr. CREW. Already under contract.

The CHAIRMAN. There is a small amount in Philadelphia in operation—about a mile and a third—out of this six miles and a quarter authorized. Now you ask for an additional extension at Philadelphia, under your new recommendation, of about two miles?

Mr. CREW. Yes; 1.91 miles.

Mr. STAFFORD. Is it not a fact that the Columbia avenue station, to which this new projected pneumatic-tube service in Philadelphia runs, is in distance nearly two miles north of the main office; and does it not supply a resident district with its mail rather than any business section?

Mr. CREW. There is considerable business growing up in that section, out near Fairmount, and also Columbia avenue.

Mr. STAFFORD. Have you, Mr. Crew, a personal acquaintance with the territory covered by the station at Tenth and Columbia avenue?

Mr. CREW. We went over the ground there.

Mr. STAFFORD. Were you a member of this commission?

Mr. CREW. Yes, sir.

Mr. STAFFORD. Is it not a fact that for a radius of a mile about that station that four-fifths, if not all of it, are residences?

Mr. CREW. It is largely a residential section, but business is growing there, the postmaster informs us.

Mr. STAFFORD. Are they not small retail stores along Columbia avenue?

Mr. CREW. There is some manufacturing, I think, there.

Mr. STAFFORD. There are some coal yards distributed along the Philadelphia and Reading depot grounds, but I doubt if you can find a manufacturing establishment within a mile of that station.

Mr. CREW. There are some machine shops, I think; not large ones.

Mr. STAFFORD. Isn't it a fact that there are no exceptional conditions there that warrant the extension of this expensive pneumatic-tube service; that it is a residential district, and that to-day the electric-car service brings the mail very quickly after it is dispatched from the central station?

Mr. SHALLENBERGER. I would say that the electric and cable service is liable to decline in extension. It is a congested service in cities like Philadelphia and New York, the streets being full of traffic, and the expedition of mail by such service is not much greater than by wagons.

Mr. STAFFORD. Now, when you say it is congested, I will ask you whether you have any personal knowledge as to the time it takes a car to travel from the main station at Ninth and Market streets to Columbia avenue, which is about 2 miles north of there, on any of the streets upon which the cars operate?

Mr. SHALLENBERGER. I do not have the present schedule.

Mr. STAFFORD. And that the average service by car is less than twenty-five minutes, and may be less than twenty minutes in reaching Columbia avenue.

Mr. SHALLENBERGER. There are times in the day, of course, when the schedule is shorter—still I presume the same schedule prevails.

Mr. CREW. I do not recall the time, but it seems to me it is forty minutes.

Mr. SHALLENBERGER. We can later give you the exact schedule of the electric service.

Mr. STAFFORD. There are really no exceptional conditions in Philadelphia which would cause you to say that the car service is congested with traffic so far as the dispatch of mails by electric cars is concerned?

Mr. SHALLENBERGER. Not above other cities?

Mr. STAFFORD. Not even in comparison with other cities?

The lines on the streets running north and south from the main station at Philadelphia are not beset with the same conditions that prevail in New York on Broadway, and in New York you do not have the electric-car service, as I understand it. Are there not many instances where the Commission asks for extension of service to residential districts where there are no exceptional conditions that warrant its extension?

Mr. SHALLENBERGER. We know of no section in which it is not warranted, because we believe that the facilities are demanded in the interest of the Government in the necessary expedition of first-class mail—special-delivery mail, for which the Government receives an extra high rate of postage.

Mr. STAFFORD. What special-delivery mail do you refer to?

Mr. SHALLENBERGER. Special-delivery letters.

Mr. STAFFORD. Do you say that the Government receives an extra high rate of postage on special-delivery letters?

Mr. SHALLENBERGER. Ten cents in addition to the 2-cent rate.

Mr. STAFFORD. Do you mean to say that the Government receives the compensation that is paid to the special-delivery messenger?

Mr. SHALLENBERGER. The Government receives 4 cents on every letter.

Mr. STAFFORD. Does it not receive 2 cents in addition; is not the extra allowance 2 cents?

Mr. SHALLENBERGER. It is double the postage now received.

Mr. STAFFORD. If you did not have the pneumatic-tube service, the special-delivery letter would be delivered by messengers who would take their wheels, if the weather permitted, and make delivery to the places to which the letters are addressed.

This mail, the mail which is dispatched by the pneumatic-tube service, is not limited to special-delivery letters from which the Government receives additional compensation of 2 cents a piece.

Mr. SHALLENBERGER. But, as I have said, it takes only first-class mail for which it has been deemed wise in the city of New York to provide a wagon service half way.

Mr. STAFFORD. There are no exceptional conditions because of compactness of the territory, and it is the same way in Chicago where the business district is compactly settled and where there is urgent need for the dispatch of mail to the business houses; but in a residential district such as I have described, I can not see where there is any need of this outlay of thousands and thousands of dollars when there is no compensating saving to the Government.

Mr. SHALLENBERGER. There is a compensating saving even in cities like Philadelphia in reducing the necessity for frequency of wagon trips.

Mr. STAFFORD. It is not contemplated, nor is it followed in Boston, that the electric service shall discontinue after the establishment of the pneumatic-tube service. That expense continues just the same. Have you with you any data showing a less amount paid in Philadelphia for the carriage of mail by electric service since the establishment of the pneumatic-tube service there?

Mr. SHALLENBERGER. I have not at the present time.

Mr. STAFFORD. Have you any data which shows a less compensation that has been paid to the electric-car service in Boston where the pneumatic-tube service has been established?

Mr. SHALLENBERGER. I have not.

Mr. STAFFORD. Can you furnish such information, Mr. Shallenberger?

Mr. SHALLENBERGER. I am not sure that we have such figures. We simply say that we are providing for a greatly improved service demanded by the progress of business in the country.

Mr. STAFFORD. It may be an advantage in a few places, but I think than the extension of the pneumatic tube service to districts wherein there are no exceptional conditions that warrant the great outlay should not be permitted.

Mr. SHALLENBERGER. In answer to that I will say that our best judgment, the judgment of the Post-Office Department, secured through a commission of three expert officials and approved by the

Postmaster-General, is and we have recommended that the extension of the service be made as specifically outlined in this report, and it is very much within the limit fixed by law of 4 per cent of the gross revenue; so that when we consider that these extensions of service involving this character of service can not under any circumstances exceed an aggregate cost of more than 4 per cent, and as a matter of fact do not exceed under our recommendation to-day more than 3.32 per cent, and in one case 1.07 per cent, it is fair to assume that the limitations provided by law and the discretion of the Postmaster-General sufficiently protect the revenues.

Mr. STAFFORD. Where it does not exceed the revenues by more than 1.7 per cent, that is the case where there is very little of the service in operation rather than that which has been projected, is it not?

Mr. SHALLENBERGER. That is the case where there is no service in operation at all.

The CHAIRMAN. What place is that?

Mr. SHALLENBERGER. Pittsburg, Pa.

Mr. STAFFORD. The reason that you give, that there is a limitation of its extension so that the amount does not aggregate more than 4 per cent of the revenues, in no way shows that the total expense for the operation of the office is in any way reduced, for in some of these stations where this pneumatic-tube service has been established it is shown that the percentage of expenditure to the receipts is very high. Unless it can be shown that after the establishment of the pneumatic-tube service in these cities that there is a reduction in the expense and outlay as compared to the receipts, I do not see how the 4 per cent limitation can be used as any argument for its extension.

The CHAIRMAN. I would like to ask, what are your reasons for suggesting a clause in the contracts for the approval of Government purchase?

Mr. SHALLENBERGER. Because we thought that when the service can be sufficiently extended by authority of law to give the Government an assurance of its satisfactory demonstration, the character of the patents that are practically demanded, that then it would become the interest of the Government to eliminate the source of troubles that we have in putting the service under contract, a service that is exclusively governmental, involving a large outlay for the construction in the various cities, believing that we could secure from the municipalities the privilege of installing the service at a less cost than we would have to pay under competitive bidding.

The CHAIRMAN. In the amendment suggested by you you use the following language, which you would propose putting in the future contracts: "With the option of purchase by the Government of the tubes and appurtenances, including valid patents deemed essential to the construction and maintenance."

Mr. SHALLENBERGER. One year's notice having been given, so that when we should deem it best to proceed to secure by agreement the purchase of the tube for a proper compensation, we would have one year intervening in order that a report could be made to Congress with the hope of securing the authority for the purchase.

The CHAIRMAN. What I want to inquire is this: Under what conditions would you propose to make that purchase, and how would the values be fixed?

Mr. SHALLENBERGER. That we report to the committee within the year of our negotiations.

The CHAIRMAN. Yes; but getting down specifically to my inquiry, you suggest putting in the future contracts a clause of option of purchase without any explanation of how you would arrive at the value. Do you think it would be wise legislation to simply authorize the Postmaster-General to buy these tubes with their patents and appurtenances with any kind of limitation as to the cost or without any kind of a designation of method of arriving at the value?

Mr. SHALLENBERGER. We do not. I canvassed that subject pretty thoroughly and decided that this one year's notice that we would have to give to the company of our desire to purchase, would give us time to either reach an amicable agreement to purchase on a low and fixed price, or would give us the opportunity of ascertaining the demand of the companies and reporting back to Congress the result of our negotiations at its next session, so that the proposition to purchase would not be passed upon by the Postmaster-General, but simply reported by the Postmaster-General.

The CHAIRMAN. Now, under the language submitted by you to the committee, would you not construe that authority to mean that the Department would pass upon the value of the patents without coming back to Congress for additional authority?

Mr. SHALLENBERGER. We would have no authority whatever under the general law, or, as I see it, under this amendment, to bind the Government for any amount.

The CHAIRMAN. It is a pretty dangerous policy, is it not, General, to put in a statute authority to the head of a Department to make a purchase without some kind of limitation as to what way the purchase should be consummated and how the values should be arrived at? Understand me, I am now criticising the form of the recommendation rather than the principle of it. Whether or not if this amendment should be favorably reported by the committee, that language ought not to be so modified as to carry with it certain restrictions.

Mr. SHALLENBERGER. That question was considered, and I inclined, in the counsel that I have taken with the law clerk in my office, to that view, with the view of protecting the Government.

The CHAIRMAN. How is the Government protected?

Mr. SHALLENBERGER. The Government reserves the right to purchase. Now, the Government can only purchase through Congress.

The CHAIRMAN. Your construction of a provision of an option for purchase is that you could not purchase or could not bind the Government to any contract of your own, hence you would have to come back to Congress for additional authority?

Mr. SHALLENBERGER. It is clearly in the interest of the Government, and the Government reserves the option of purchase after one year's notice.

The CHAIRMAN. If you were drawing a new contract under this authority that you have submitted here, if it should become a law, what kind of language would you use in the contract relative to purchase? Just the character of language that you have here, that the Government reserves the option of purchase of the tubes and appurtenances, including valid patents deemed essential to construction and maintenance?

Mr. SHALLENBERGER. I think if that were incorporated in any con-

tract it would give us all the authority we desire, either to terminate the contracts at the end of four years with one year's notice, or to make a proposition to the company that we would pay them so much for the plant. If they agreed to that proposition we would report that fact back to Congress and ask authority for the appropriation.

The CHAIRMAN. But would it not necessitate coming back to Congress to approve your contract before you could put it into force?

Mr. SHALLENBERGER. Not if we confined ourselves to the language of the amendment in the contract.

The CHAIRMAN. As a general proposition, Mr. Shallenberger, do you think it wise, and do you not doubt the wisdom of Government ownership of postal appliances?

Mr. SHALLENBERGER. I do as a general proposition, but I am prepared now to make further recommendations in this for Government ownership.

The CHAIRMAN. I am afraid you are getting on dangerous ground.

Mr. SHALLENBERGER. I have given to it about eight years of careful study.

The CHAIRMAN. Is not your judgement largely formed from the hope that you will be free from annoyance in dealing with contractors?

Mr. SHALLENBERGER. No.

The CHAIRMAN. Do you really think it would result in economy?

Mr. SHALLENBERGER. I do.

The CHAIRMAN. Do you think the Government is able to perform service cheaper than individuals can perform the same service?

Mr. SHALLENBERGER. In cases where it is exclusively Government service.

The CHAIRMAN. Don't you think that many features of the postal service that are now controlled by the Government could be performed more cheaply by individual contractors?

Mr. SHALLENBERGER. I do.

The CHAIRMAN. Is that an argument in favor of Government ownership?

Mr. SHALLENBERGER. It is one in favor of Government ownership of certain facilities.

The CHAIRMAN. Would you recommend the Government ownership of postal cars?

Mr. SHALLENBERGER. No.

The CHAIRMAN. Then why pneumatic tubes?

Mr. SHALLENBERGER. Because pneumatic tubes can be cared for by the Government under different and better conditions. I am not advising Government control of any facilities which can be secured in the open markets by competitive bidding. The pneumatic-tube service, involving assent of municipalities for right of way in congested streets, makes almost necessarily such limitation of competition as to lead to excessive compensation. The Government in its relation to the postal service can command of municipalities what it commands of the general public, an assistance in providing these important facilities. It can say to a municipality "Unless you give us very favorable conditions, we will not install this service."

This service involves simply the purchase of pipes, the opening of the streets, and the providing of certain machinery, which is standardized and which can be installed just as certain appliances in

post-offices are installed, subject to governmental supervision and subject to repair. It will be exclusively for the use of the Government, not as railway trains, which are only for a small per cent of the time in use by the Government, but if it partakes of the nature of an exclusive and a peculiar service, it would seem to me to justify Government ownership.

Mr. SNAPP. Do you recommend the Government ownership of railways?

Mr. SHALLENBERGER. I do not. Nothing which has for its general traffic so large a proportion outside of any Government interest.

Mr. SNAPP. Then what else do you recommend that the Government should own in connection with the mail service?

Mr. SHALLENBERGER. Screened wagons. I am prepared to recommend that in certain cities where we have the exclusive control and use of wagons, the life of which is fifteen years or more, that it is better for us to own the wagons and to directly employ the drivers, than to farm it out under contracts for a four-year period. It would not include the horses.

The CHAIRMAN. Their average life is longer than fifteen years.

Mr. SHALLENBERGER. The horses can be secured under different bidders, the wagons can not. The wagons are specially constructed, requiring months of time for construction. The life of a wagon is fifteen years at least, and if we are wise and economical we will use them fifteen years instead of discarding them at the end of three or four; and having control of them, it will put us out of the control of the contractors who hold us up in great cities like New York, at a time when they know it is impracticable to substitute anything else for their general contract, and therefore causes very great increased cost of service.

Adjourned at 1.10 p. m.

AFTERNOON SESSION.

The subcommittee convened at 1.45 o'clock p. m., pursuant to the taking of recess.

STATEMENT OF HON. W. S. SHALLENBERGER, SECOND ASSISTANT POSTMASTER-GENERAL—Continued.

(ACCOMPANIED BY MR. STONE AND MR. CREW.)

Mr. STAFFORD. Calling attention to the argument that you made in favor of the Government eventually owning the pneumatic tubes and operating them, I would like to ask whether there may not be some special feature connected with this service which would take it out of the realm which applies generally to the Government in owning utilities which it has occasion to use?

Mr. SHALLENBERGER. I think there are special and substantial reasons for Government ownership of pneumatic tubes which do not apply to other facilities for mail transportation.

Mr. STAFFORD. Is one of the reasons that might be advanced in the matter of the Government owning the railroads, viz, that it would require a great number of help for its operation, and it would also require a great deal of help in its maintenance absent in this particular?

Mr. SHALLENBERGER. The use of the pneumatic-tube service is an exclusive governmental or postal use; the use of the railways of the country by the Government for the carriage of mails is but a very small fraction of the service of the railroads to the general public, and therefore it seems unwise for the Government to undertake to control by Government ownership transportation lines which have so little to do with the postal service, in proportion to the general traffic carriage; but where we have the exclusive use and control of an extensive plant, which has a long life, and which must needs be continuous in its operation, regardless of the four-year period, and exclusively used by the Government and specially installed in cities where the competition is restricted to an extent that makes it almost a monopoly, I believe that the Government should itself own and control, if it desires to operate a system of that kind, and that ownership should of course not be considered until after the experimental stage has been passed and the machinery and appliances requisite had been thoroughly tested and approved.

Mr. STAFFORD. So far as the pneumatic tube service is concerned, as judged from prior experience, is it now in the experimental stage or has it reached the stage where there is no legal patent in new inventions or new methods connected with its operation?

Mr. SHALLENBERGER. In the judgment of the Department it would have reached and passed the experimental stage with the full completion of the service now under contract. That service has not yet been completed, and we would not, therefore, deem it wise to urge the governmental ownership until after the end of the next four-year period, when we think that the application of the tube service to the various conditions of the great cities, and the perfection of the machinery, patented and otherwise, that is needed will reach the point where we could safely take entire control.

Mr. STAFFORD. Have there been any difficulties encountered in the operation of this service by reason of a cheapened method of establishing the system in the laying of the pipes and laying of the tubes that might otherwise be obviated if the Government would take the matter in charge and establish the conduits and provide for the equipment?

Mr. SHALLENBERGER. I have but little information that would lead me to give a thoroughly satisfactory reply. I can only say that the installation of the service depends so largely on careful supervision regardless of the little incidental expenses that may be necessary to overcome unexpected obstructions, that I have every reason to believe that the Government installation of the freight lines would be much more complete and satisfactory than any we are likely to secure under contract.

Mr. STAFFORD. Has the Department any data concerning the cost of establishment of these pneumatic tubes?

Mr. SHALLENBERGER. None, except what we tried to arrive at by the advertisements which we issue and the competition which we seek. We are led to believe that the limitation of the law thus far has been at least the necessary cost of construction and maintenance.

Mr. STAFFORD. What do you mean by the limitation of laws, as bearing on the necessary cost of maintenance?

Mr. SHALLENBERGER. The amount we are allowed to pay per mile for the service.

Mr. STAFFORD. In the cities where this service is now established is not the power plant necessary to operate these tubes located in the Government post-office buildings?

Mr. SHALLENBERGER. Not necessarily.

Mr. STAFFORD. Is it not located in those buildings as at present operated?

Mr. SHALLENBERGER. It is at present rented from the Government, we understand, by the contractor.

Mr. STAFFORD. Well, are not the power plants that are in operation to operate this system located in Government buildings?

Mr. SHALLENBERGER. Not all; only in such buildings as are owned by the Government. Buildings under lease as stations are not—

Mr. STAFFORD. Yes; but the operating machinery that gives the power to generate the compressed air to send the carriers is located in Government buildings at their respective places.

Mr. CREW. It is in Philadelphia, and partly in Chicago; and in New York, I think, they rent from an outside company yet.

Mr. SHALLENBERGER. It is when the Government building has an excess of power which it is willing to rent to the contracting company; but in stations rented by the Government that condition does not exist.

Mr. STAFFORD. Well, they do not have this machinery in the various cities in which these plants are established, and where they have connecting service to the postal stations there is not machinery for propagating the compressed air that is necessary to send the carriers through the tubes at each one of the respective stations?

Mr. SHALLENBERGER. Not at each one, oh, no; not necessarily at each station.

Mr. STAFFORD. How many plants that are necessary for creating power to operate the system at Boston, for instance, are located outside of the Government buildings?

Mr. CREW. I can not answer as to Boston. I do not know how many plants they have for propagating the power. The central plant is fed from the Government plant in the building.

Mr. STAFFORD. The Government plant?

Mr. CREW. Yes; they have a plant at Essex street that is owned by the company. I think there are other plants in the city, but I could not tell you now.

Mr. STAFFORD. Is not the plant that is operating the service in Philadelphia located in the Government building?

Mr. CREW. Yes, sir.

Mr. STAFFORD. Is not the plant that is operating the service at Chicago also located in the Government building?

Mr. CREW. Partly; but they have plants outside of the Government building.

Mr. STAFFORD. You say they have plants outside of the Government building—outside of the building that is rented by the Government for postal service?

Mr. CREW. I understand so.

Mr. STAFFORD. But as operated in these cities, where the power plant is located in a Government building, it is your opinion that

there is nothing that would prevent the establishment of the power plants in the respective Government post-office buildings, as exemplified by this establishment in Chicago, Philadelphia, and other cities?

Mr. CREW. Nothing to prevent it where we have room.

Mr. STAFFORD. After the pneumatic-tube service is once established and is in operation, is there much help necessary to operate the system outside of propagating the necessary power?

Mr. SHALLENBERGER. I am not prepared to give just the number of employees at the terminals of the tube. Mr. Crew may be able to give that.

Mr. CREW. They have two men employed at each of the terminals, by the company, during the hours that the tube is operated. As a rule the company employs those men.

Mr. STAFFORD. It only requires two men, on an average, at each respective station?

Mr. CREW. For the immediate operation, yes; that does not include the firemen or anything of that kind, for generating power.

Mr. STAFFORD. If the committee should not increase the appropriation above \$822,000, or should make it lower than that figure, would the Department consider that even although it had some surplus funds it would be authorized to extend the system to cities in which it is not now authorized?

Mr. SHALLENBERGER. The extension will depend wholly on the appropriation authorized by Congress.

Mr. STAFFORD. You do not ask for us to specify in the appropriation bill for its extension in the respective cities, do you?

Mr. SHALLENBERGER. No; simply to grant us the appropriation, and that, under the discretion of the Postmaster-General, will be used.

Mr. STAFFORD. But my question is this: If the committee, and later the House, should vote merely the sum of \$822,000, which is the amount to cover all existing contracts, whether it would be construed by the Department as authorization for the extension of service in cities which do not have it at present, or which have it at present?

Mr. SHALLENBERGER. We could construe it as a renewal of the present contracts. The law on this subject has a paragraph to this effect:

That the Postmaster-General shall not prior to June 30, 1904, enter into contracts under the provisions of this act involving an aggregate expenditure in the aggregate in excess of \$800,000, and that thereafter only such contracts shall be made as may from time to time be provided for in the annual appropriation act for the postal service, and all provisions of law contrary to those herein contained are repealed.

I will say that the \$22,000 in excess of the \$800,000 was specifically provided for since July 1, 1904.

Mr. FINLEY. That is as to Boston service?

Mr. SHALLENBERGER. Yes, sir.

Mr. SNAPP. General, what is the name of the company at Boston?

Mr. SHALLENBERGER. The American Pneumatic Service Company.

Mr. CREW. The Boston Transit Company.

Mr. SNAPP. What is the name of the company of New York?

Mr. SHALLENBERGER. The New York Mail and Newspaper Transportation Company.

Mr. SNAPP. What is the name of the company in Philadelphia?

Mr. SHALLENBERGER. The Pneumatic Transit Company.

Mr. SNAPP. And at Chicago?

Mr. SHALLENBERGER. The Chicago Postal and Pneumatic Tube Company.

Mr. SNAPP. And at St. Louis?

Mr. SHALLENBERGER. Pneumatic Tube Company.

Mr. SNAPP. So far as you have any information, how many of these companies in these different cities are actually the same?

Mr. SHALLENBERGER. The controlling interest in the companies at Boston, Chicago, and St. Louis is the same.

Mr. SNAPP. How about New York and Philadelphia?

Mr. SHALLENBERGER. I am not prepared to say to what extent the Boston company is now in control of the New York company—the New York Mail and Newspaper Transportation Company.

Mr. SNAPP. Have you information that leads you to think that it may be in control of that company?

Mr. SHALLENBERGER. I have.

Mr. SNAPP. How recently did you obtain that information?

Mr. SHALLENBERGER. Between two and three months ago.

Mr. SNAPP. Have you any information that leads you to believe that the Boston Transit Company may be also in the control of the Philadelphia company?

Mr. SHALLENBERGER. No, sir; I have no such information.

Mr. SNAPP. Or that any other company has the control of the Philadelphia company?

Mr. SHALLENBERGER. No information leading me to think that any other company is in control of the Philadelphia company.

Mr. SNAPP. Have you any information that leads you to believe that the Boston or any other company is now in the control of all these companies?

Mr. SHALLENBERGER. I have not. I have an inference, however, that it—perhaps I had better not say that; it does not control the New York situation, but the company which it is not controlling is not involved in any of our contract service; it is a company which owns certain lines leased to the New York Mail and Newspaper Transportation Company.

Mr. SNAPP. Maybe you do not understand me. I am speaking now of these companies that have existing contracts with the Government for this service.

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. I am trying to ascertain from you if you know where the control of these different companies is vested.

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. And how far they are all controlled by any one company.

Mr. SHALLENBERGER. My knowledge, as I have said, extends only to three cities—Boston, Chicago, and St. Louis; and information, received within two months, to the effect that the Boston company has the controlling interest in the New York Mail and Newspaper Transportation Company.

Mr. SNAPP. Do you know whether there is any community of interests between the companies at Boston and New York and the three other companies?

Mr. SHALLENBERGER. What three other companies?

Mr. SNAPP. Chicago, St. Louis, and Philadelphia—whether there is any community of interests between them?

Mr. SHALLENBERGER. I have reason to think that there is a community of interests between the Boston, Chicago, St. Louis, and the New York Mail and Newspaper Transportation Company; we do not know how far it goes, but we have reason to believe that it extends to the New York company.

Mr. SNAPP. Does that lead you to believe that upon the expiration of these contracts, when the Government advertises again for bids, if these companies bid on these contracts it will be practically the bid of the same company?

Mr. SHALLENBERGER. With the exception of the situation in New York, which seems to be now impossible for the New York Mail and Transportation Company to control; the company which they formerly had an agreement with, or whose lines were formerly leased to them, is now declining to entertain any proposition whatever looking to a resumption of the service under the contract, and advising us that they not only desire to contract for service, if possible, for the remainder of the present fiscal year, but desire to put in a bid under the new advertisement, which we propose to issue, independent of any other company.

Mr. SNAPP. Were these contracts entered into all at the same time?

Mr. SHALLENBERGER. In the eastern cities.

Mr. SNAPP. Will you not give the dates of the contracts in the different cities?

Mr. SHALLENBERGER. We have those dates.

Mr. STONE. If you had a copy of the report of the Second Assistant Postmaster-General of last year I think that would give you the information.

Mr. SHALLENBERGER. I may say that they will expire at the same time, except Chicago and St. Louis, which expire one year later.

Mr. SNAPP. When do the first three expire?

Mr. SHALLENBERGER. The first three expire June 30, 1906.

Mr. SNAPP. And the other two one year later?

Mr. SHALLENBERGER. The other two one year later; yes.

Mr. SNAPP. Now, in regard to the Boston contract, do you know what the stock of that company is, the amount of it?

Mr. SHALLENBERGER. I do not.

Mr. SNAPP. Do you know what is the amount that is outstanding of the bonds?

Mr. SHALLENBERGER. I do not.

Mr. SNAPP. Do you know with what kind of a franchise it occupies the streets of the city?

Mr. SHALLENBERGER. I think not.

Mr. SNAPP. Do you know when the bonds of the company mature?

Mr. SHALLENBERGER (after a pause). I am hesitating because in recent months they have been filing with us some additional information; but I feel quite safe in saying that we have not that information.

Mr. SNAPP. Do you know when the franchises of these companies with the cities, under which they occupy the streets of the cities, mature in any case?

Mr. SHALLENBERGER. I do not.

Mr. SNAPP. Let me call your attention to the fact that under the

laws of the State of Illinois such a franchise can run only for 20 years, and at the expiration of this contract four of those years will have expired, at least, leaving only 16 years for the franchise to run. And you say that you have no information as to how long those franchises run in any of the cities?

Mr. SHALLENBERGER. That is what I have said.

Mr. FINLEY. Under the laws of Illinois, do the franchise rights not revert to the city at the end of that time?

Mr. SNAPP. Not under the State law. Do you know, Mr. Shallenberger, whether in Boston the franchise or the contract of this company with the city requires it to pay to the city any percentage of its earnings or any other compensation for the right to occupy the streets?

Mr. SHALLENBERGER. I am not advised—at least at present.

Mr. SNAPP. Can you answer it, Mr. Crew?

Mr. CREW. I can not answer it directly, but in the establishing of the contracts we have the contractors or bidders in each case say that they had authority from the city to contract for the term mentioned.

Mr. SNAPP. You do not catch the drift of my question.

Mr. CREW. I understand that that is not an answer to your question, of course——

Mr. SNAPP. Have you the information in regard to any of the contracts in these cities?

Mr. SHALLENBERGER. We have not; we have not sought it.

Mr. SNAPP. It may turn out that under these franchises these companies are compelled to pay for the occupation of the streets a certain portion of their earnings or some fixed compensation, fixed by the city, and have you recommended, now, the purchase by the Government of this tube system without ascertaining any of these facts?

Mr. SHALLENBERGER. We have.

Mr. SNAPP. Because, as a matter of law, when the Government goes into this kind of business it goes into it as an individual so far as these cities are concerned, and whatever burden has been placed on these corporations by the cities under which they are privileged to use the streets of the cities, that burden would be assumed by the Government if it purchased the rights of these companies.

Mr. SHALLENBERGER. And the information you desire will be secured by us just whenever we have the option of purchase.

Mr. SNAPP. I would like to know if you could give to the committee what the burden is that the Government would have to assume, if the committee and Congress should carry out your recommendation and give to the Department the right to purchase, as recommended by you and the Postmaster-General.

Mr. SHALLENBERGER. I have not that information. I should certainly expect to secure that information and give it to the committee before we should recommend an appropriation in any specific amount, or to purchase under any consideration.

Mr. SNAPP. But you are now asking and insisting that the committee and Congress shall authorize the Department to insert in these contracts an option of purchase?

Mr. SHALLENBERGER. Certainly.

Mr. SNAPP. And you stated a few moments ago that it could be

acted upon by the Department, thus making it necessary to come to Congress only for the appropriation.

The CHAIRMAN (Mr. Overstreet). I think you are mistaken in that. In answer to my inquiry, my understanding was that Mr. Shallenberger stated that if the option should be inserted before they should undertake at all to make any contract they would come back to Congress with a full statement of the facts under which the negotiations had proceeded, and then let Congress determine the method of the purchase, the way of arriving at the values, and so forth; that is what I understood to be his explanation.

Mr. SHALLENBERGER. Yes; that is right. I would construe the amendment which we offered to-day as permitting the Department to bind the Government in the purchase of these tubes until after it should have had one year's notice, until after one year's notice had been given, in which time Congress would be in session and would be advised through the proper committees of the conditions under which they could be purchased, and the amount of the appropriation involved. Those conditions would involve just the questions which you have propounded, but which we can not answer in advance of the leave.

Mr. SNAPP. You recommend that a contract be entered into for a period of not exceeding ten years, with the option of purchase by the Government of tubes and appurtenances, including valid patents deemed essential to construction and maintenance at the end of any year of the contract term after four years, on one year's notice, and with the right of terminating, at the discretion of the Postmaster-General, any such contract at the end of any year of the contract term after four years, on one year's notice.

Now, so far as I understand you, at the present time the control of these different companies now having these contracts with the Government has passed into the hands of some one of them, largely, and that these contracts—three of them—expire next year, and two the year following, and you recommend that when they expire they be advertised for for a period of ten years instead of four years, and that they should contain a provision giving the Government a right to terminate them at the end of five years. Now, General, is not that—that right of termination—a contract for five years so far as these companies are concerned?

Mr. SHALLENBERGER. So far as the Government is concerned, I would say; so far as the company is concerned it has no right to break the contract under ten years. So far as the Government is concerned, it has the right to break or cancel the contract at the end of five years.

Mr. SNAPP. No; you do not quite understand me.

Supposing a provision should be placed in these contracts giving the Government the right to purchase and terminate these contracts at the end of five years, would not companies bidding on those contracts take that into consideration in fixing their compensation?

Mr. SHALLENBERGER. They would, but with this distinct understanding, that there would be no terminating of this contract within the ten years, if it was satisfactory.

Mr. SNAPP. But the fact that the Government could terminate it at the end of five years would permit them to exact a larger rental than if they knew it was going to run for the full period of ten years?

Mr. SHALLENBERGER. It might, and yet it would not probably lead to as high a rate as if the certainty of readvertising was present at the end of four years.

Mr. SNAPP. Have you any reason to believe that these companies now having these contracts with the Government will bid again at the expiration of their term of contracts?

Mr. SHALLENBERGER. I have no definite information; it is my full belief they will.

Mr. SNAPP. When you were before the committee at the last session of Congress, I think you recommended at that time that the term of contract be extended to ten years?

Mr. SHALLENBERGER. I did.

Mr. SNAPP. On the ground that the companies were finding it difficult to float bonds and to secure capital with which to carry out their contracts with the Government. Is that correct?

Mr. SHALLENBERGER. That is correct.

Mr. SNAPP. All of these companies have under the four-year term contract completed their construction or will have done so by the expiration of their contracts, will they not?

Mr. SHALLENBERGER. No.

Mr. SNAPP. Which company will be delinquent at the end of the four-year period?

Mr. SHALLENBERGER. The New York contractor and the Philadelphia contractor.

Mr. SNAPP. I understood you to say that the Philadelphia contract would be completed by the expiration of their term of contract.

Mr. SHALLENBERGER. No; "is being constructed," that we have no advice leading us to say positively that it will be completed, and I understood that to be your question. While I can not say that the Philadelphia contract will be completed before June 30, I will say that the construction is proceeding regularly, with a belief on their part that it will be fully completed before.

Mr. CREW. They claim so, but they are now completing the part Mr. Stafford spoke of to S. and O.

Mr. SNAPP. I understood you also to say a moment ago that if Congress should authorize the Department to insert these clauses in the contracts, as you suggest, that bids could be advertised for, contracts let, and the service completed, as suggested here by you, by October, 1907.

Mr. SHALLENBERGER. I think so.

The CHAIRMAN. October, 1906, did you not say?

Mr. SHALLENBERGER. Yes, sir.

Mr. SNAPP. By October, 1906?

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. On what information do you base that statement?

Mr. SHALLENBERGER. On the information that I have just given, that the Philadelphia company is proceeding with this construction, claiming that the difficulties which have impeded them for the past three years have been removed, and the assurance that the companies in New York are ready to submit bids if a new advertisement issues, and with the further belief that in the cities of Boston and Chicago and St. Louis, where the construction proceeded rapidly under the present contract, would likewise proceed with equal facility under a

new contract which we would hope to secure, if the authority be given, within a short period. The conditions in the cities which have been investigated seem to be about as favorable, and the facility of construction being greater I apprehend that the new service in other cities would probably be installed in much less time than has been required in the past. Therefore I think if we had authority to proceed the entire service might be installed by October 1, 1906.

Mr. SNAPP. Now, Mr. Shallenberger, have you had any direct assurance from the Philadelphia company, that so far has failed to carry out its contract with the Government, that they will bid again on an extension of this contract for practically a five-year term, under the provision that you suggest be inserted in this contract?

Mr. SHALLENBERGER. I have no positive assurance.

Mr. SNAPP. Have any of these companies given you any encouragement to believe that if Congress shall insert the clause that you suggest in the authorization that they will bid on the extension of these contracts?

Mr. SHALLENBERGER. I have not sought such assurance and they have not tendered it; I have a belief that they——

The CHAIRMAN. Which clause?

Mr. SNAPP. The clause recommended by Mr. Shallenberger.

The CHAIRMAN. He recommends two or three.

Mr. SNAPP. He recommends all.

The CHAIRMAN. I know; which one are you referring to?

Mr. SNAPP. I am referring to the clause that the contract be made for a period not exceeding ten years, with the option of purchase by the Government of tubes and appurtenances, including valid patents deemed essential to construction and maintenance, etc.

The CHAIRMAN. I did not know whether you referred to the option of purchase or the option of terminating it within a year after four years.

Mr. SNAPP. I was going to ask him further——

The CHAIRMAN. I could not tell which one of the clauses you had reference to.

Mr. SNAPP. I was going to ask him about all of it.

Mr. SHALLENBERGER. I construed it rather as applying to the limitation of the contract period.

Mr. SNAPP. In your judgment would the companies bid again for a new contract if Congress does not authorize an option of purchase?

Mr. SHALLENBERGER. I think they would.

Mr. SNAPP. In your judgment would they bid again if the period was not extended from four years to ten years?

Mr. SHALLENBERGER. I have reason to think they would; not under as favorable conditions to the Government.

Mr. SNAPP. But the provision that you recommend provides that the Government may terminate these contracts at the end of the first five years?

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. Making it practically a five-year contract?

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. In your judgment the companies will take that into consideration, will they, in fixing their bids?

Mr. SHALLENBERGER. I think so.

Mr. SNAPP. So that in fixing the amount that they are willing to take that contract for they will take into consideration the fact that it may be terminated at the end of five years, and so the Government will have only the advantage of one year between that plan and the present plan; is not that true?

Mr. SHALLENBERGER. No; the advantage to the Government will be its power to hold that contract for ten years rather than four years and avoid the necessity of readvertising.

Mr. SNAPP. That is not the question I asked you, Mr. Shallenberger. Do you not think, as a business man, that these companies would take into consideration the fact that their contract may terminate at the end of five years in fixing the amount of their bid?

Mr. SHALLENBERGER. They will; but at the same time they will take into consideration the fact that if they make the service satisfactory for four years or five years the Government will not need to readvertise and put them to the risk of losing the service within ten years.

Mr. SNAPP. Do you know who owns the patents under which this service is operated?

Mr. SHALLENBERGER. They are owned by various persons, so far as we are advised.

Mr. SNAPP. Do any of these companies that you know own those patents?

Mr. SHALLENBERGER. They do, I think.

Mr. SNAPP. Are they owned by any one single corporation?

Mr. SHALLENBERGER. They are not.

Mr. SNAPP. Are there different patents on the tube and the method of forwarding the carriers?

Mr. SHALLENBERGER. There are no patents on the tube itself, the patents are on the terminal machinery—well, I will say the terminal machinery, that substantially covers it.

Mr. SNAPP. Do you know how long those patents have yet to run?

Mr. SHALLENBERGER. I do not, but this service has been in operation now (addressing Mr. Crew)—how many years?

Mr. CREW. Under these contracts since 1902.

Mr. SHALLENBERGER. No, no; way back.

Mr. CREW. Back from 1898?

Mr. SHALLENBERGER. Further than that.

Mr. CREW. Yes.

Mr. SHALLENBERGER. Back in Postmaster-General Wanamaker's time.

Mr. CREW. I have not the date. There were patents then, but they have been changed since.

Mr. SHALLENBERGER. I can not say, but for a number of years; and there are various patents by different persons.

Mr. SNAPP. I understood you to say, or may be it was Mr. Crew, that the power plant connected with this service in Chicago is located in the Federal building—the post-office building?

Mr. CREW. They are now using power in part that comes from the plant, as we understand. Before the plant was ready and in the new post-office building they secured power outside, you remember.

Mr. SNAPP. Under what arrangement is that with this company?

Mr. CREW. The arrangement is with the Treasury Department.

Mr. SNAPP. Do you understand that the Treasury Department rents to them a certain portion of the building with power?

Mr. SHALLENBERGER. No, sir; they furnish the power. They furnish the power at the rate agreed upon between them.

Mr. CREW. That is it; charge them for it.

Mr. SNAPP. The Treasury Department must also furnish them with space for machinery.

Mr. CREW. The space is included in our post-office space; we control a certain proportion of all public buildings, and it is within that space that the pneumatic terminals are installed.

The CHAIRMAN. Is it the practice of the Department, either in the present contract or those that are proposed in your recommendation, to extend the tube service into the residence districts of cities, or only to substations in the residence districts?

Mr. CREW. Only to the postal stations.

Mr. SHALLENBERGER. Only to large postal stations.

Mr. CREW. Only to large postal stations.

The CHAIRMAN. But, as a rule, in the administration of this service you seek to utilize this tube service primarily for the congested business sections and the congested sections of large cities about postal stations?

Mr. SHALLENBERGER. Yes, sir.

Mr. SNAPP. Did you and your associates visit all these cities and carefully inspect them before you made this report?

Mr. CREW. All that are made in this report; yes.

Mr. SNAPP. How long a time did you give to that investigation?

Mr. CREW. We were at it off and on for some months; I can not recall just the time, but we would go to a city and inspect, and then possibly would go back to the Department and spend some time there, and then we would go to another city.

Mr. SHALLENBERGER. They spent several days consecutively in each city, and then repeated their visits to verify certain information that had been secured on their first visit, or to examine more fully into the conditions governing at stations.

Mr. SNAPP. Can you give to the committee any further information in regard to the organization of these companies—their capital stock, the amount of their bonds, when they mature, and so forth, than you have already given?

Mr. SHALLENBERGER. I am not sure that we have the information.

Mr. CREW. We have never gone into that so far as I know, or the terms of their contracts with the different cities.

Mr. SHALLENBERGER. We have not that.

Mr. CREW. We have depended on their furnishing us the information when we made the contract, and we have only gone that far. We did that with each advertisement.

Mr. GOEBEL. General, a commission was appointed to visit the various cities in reference to ascertaining the conditions to install the pneumatic-tube service, and among the cities visited was Cincinnati?

Mr. SHALLENBERGER. Yes, sir.

Mr. GOEBEL. That commission has made a report with reference to that city?

Mr. SHALLENBERGER. Yes.

Mr. GOEBEL. Is it the purpose of the Department to adhere to that report, and not for the present install any pneumatic-tube service there?

Mr. CREW. Cincinnati is recommended.

Mr. GOEBEL. Cincinnati is recommended on certain conditions.

Mr. CREW. Yes.

Mr. GOEBEL. I want to know whether the Department is going to adhere to that or whether, notwithstanding that report, it is the intention of the Department to install the pneumatic-tube service in Cincinnati?

Mr. SHALLENBERGER. If I correctly catch the question, I would say that if the committee should authorize the Department to expend the additional amount of money called for by the recommendation, including Cincinnati, we should construe that as holding us to the disbursement of that prospective amount in the city of Cincinnati.

Mr. GOEBEL. In that regard are you asking now for such an appropriation as will permit you to do that?

Mr. SHALLENBERGER. We are; that is included in our recommendation.

Mr. GOEBEL. That is included in your recommendation?

Mr. SHALLENBERGER. Yes.

Mr. GOEBEL. Then, if you get that appropriation you will install the system in Cincinnati?

Mr. SHALLENBERGER. We will install it in the city of Cincinnati and the other cities referred to, holding ourselves under the general law required to advise the committee and Congress specifically of the needs of the service in given localities, and not make a contract until the appropriations have been authorized for it. Therefore, when these appropriations that we are asking shall have been authorized we will construe it as a limitation on our authority and discretion, and not extend the service anywhere else; but as mandatory, really, upon us to go forward and attempt to secure the service in accordance with those recommendations.

Mr. GOEBEL. Then, under the recommendation of the commission—and if you have your appropriation—the system would be installed in accordance with the recommendation of the commission?

Mr. SHALLENBERGER. Yes, these recommendations having been severally approved by myself and the Postmaster-General.

The CHAIRMAN. In other words, if Congress should grant this authority to the extent of the \$1,233,676.84, with the authority of the ten-year lease, then you would proceed in line with the report of this commission?

Mr. SHALLENBERGER. We would advertise for the service without any further investigation.

Mr. FINLEY. In the event that Congress authorizes the extension of the pneumatic-tube service to the new cities named in your report, would there be more than the tube companies that now have a monopoly of the business in Philadelphia, New York, Boston, Chicago, and St. Louis to bid, in your judgment?

Mr. SHALLENBERGER. I really have no means of knowing what we might be able to do in that respect—whether even these two companies might not come together before that time.

Mr. FINLEY. Does the experience show that there has in the last year or two been any serious competition between the two existing companies having all of the contracts?

Mr. SHALLENBERGER. I may say that it has been exceedingly active; yes, sir. They have not come together on any points, scarcely. Now, I might qualify that by saying that that condition only has been made apparent. We have not had the opportunity of knowing to what extent the conditions prevailing in New York would extend to other cities.

Mr. FINLEY. There has been no competition in the other cities, has there?

Mr. SHALLENBERGER. Oh, yes; there was competition in the cities of Chicago and St. Louis—active competition.

Mr. FINLEY. Do you not, though, finally give out the contract at the maximum rate allowed by Congress, practically speaking?

Mr. SHALLENBERGER. No; we gave the contract to the lowest—

Mr. FINLEY. I know that. I am sure you did that. I ask you, though, if, under the bids submitted, it was not simply the maximum rate allowed by Congress under the appropriation?

Mr. SHALLENBERGER. Yes. Well, the rate appears in the table—

Mr. FINLEY. I am familiar with that—

Mr. SHALLENBERGER. You are?

Mr. FINLEY. Yes; that is true, is it not?

Mr. SHALLENBERGER. I think it will be found that in, well, not more than one case at least, was the full amount authorized by the law—

Mr. FINLEY. About what was the difference in the bids submitted where there was competition?

Mr. SHALLENBERGER. The lowest was Chicago, \$13,471.28 per mile, against \$17,000, the lawful limit.

Mr. FINLEY. Now, in New York City?

Mr. SHALLENBERGER. In St. Louis we had \$15,570 bid per mile, as against \$17,000, the limit.

Mr. FINLEY. How about New York City, where I understand there was some sort of competition, what was the difference in the bids there between the two companies?

Mr. SHALLENBERGER. The lowest bid was at a rate of \$16,000 per mile.

Mr. FINLEY. That was the lowest bid?

Mr. SHALLENBERGER. That was the lowest and best bid.

Mr. FINLEY. Then, as I understand it, the other bid was simply the \$17,000?

Mr. SHALLENBERGER. I am not prepared to say what the other bid was.

Mr. CREW. It was shaded slightly; I could not tell you the figures.

Mr. FINLEY. So there was practically no competition at that time in New York?

Mr. SHALLENBERGER. At that time. In St. Louis and Chicago the competition was more active, as in St. Louis we secured a bid of \$15,570, and in Chicago we secured a bid of \$13,471 per mile.

Mr. FINLEY. Has not the tendency in recent years been for the companies engaged in this kind of work to come together and for competition to cease?

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Now, will any of the recommendations that you make as to new legislation have a tendency to put an end to that, and if so, in what way?

Mr. SHALLENBERGER. I can not say that it will have a tendency to put an end to it, but it will have a tendency to put an end to the embarrassment of the Government by reason of it.

Mr. FINLEY. About what is the cost of the service, we will not say in Cincinnati but in Pittsburg, that would be performed by the pneumatic-tube service if authorized; about what is the present cost?

Mr. SHALLENBERGER. We have no present cost; that is, we can not compare any present service with the service that would be performed by reason of the tube exactly.

Mr. FINLEY. The rule is that not only is first-class mail carried; letters are carried in pneumatic tubes, but now when the pneumatic-tube service is installed, do I understand you that when the first-class mail is taken away from screen-wagon service that there is no diminution in cost?

Mr. SHALLENBERGER. No; you could not have understood me to say that. I say there will be a diminution in the cost of screen-wagon service when the contracts are let for that service, and it will be in the direction of the frequency of the trips.

Mr. FINLEY. That is just what I was trying to get at. About what would be the reduction at San Francisco, Cincinnati, Pittsburg or any of those places that are named in this report as being suitable for the service?

Mr. SHALLENBERGER. That can not be stated in exact figures for the reason that the conditions existing in the increase in the volume of mail when that contract shall have expired and a new advertisement issue will have to be taken into consideration, together with a reduction in the frequency of trips.

Mr. FINLEY. As a matter of fact the reduction would be very small, would it not?

Mr. SHALLENBERGER. I do not regard it very small, but I should not say it would be very large, in a city like New York or any of the great cities where we have great frequency of wagon trips, because first-class mail and special-delivery letters must go, however limited in quantity, in those cities.

Mr. FINLEY. Do you think it would be fair to take New York City as an example?

Mr. SHALLENBERGER. I say in all great cities, where we require frequency of service, we can not refuse a demand for great frequency of wagon trips.

Mr. FINLEY. There is no city in America that furnishes anything like the first-class mail like New York City does?

Mr. SHALLENBERGER. No.

Mr. FINLEY. And for that reason it would not be fair to take that as an illustration, would it?

Mr. SHALLENBERGER. It is fair to take it as a proportionate illustration, because in New York we propose to install between \$400,000 and \$500,000 of pneumatic-tube service as against a few thousand in these other cities.

Mr. FINLEY. Is it not a fact that the installation of tube service is

necessary principally in order to give quick dispatch to first-class mail; that is true as a general proposition, is it not?

Mr. SHALLENBERGER. That is true; yes.

Mr. FINLEY. And without any regard particularly to the matter of economy in handling first-class mail?

Mr. SHALLENBERGER. Yes; I will say that we do not recommend it as a measure of economy. It is a very decided additional facility demanded by the conditions of the present time.

Mr. FINLEY. General, in the event that Congress only appropriates \$822,000 for pneumatic-tube service, then no additional service will be contracted for? Am I correct?

Mr. SHALLENBERGER. You are correct.

Mr. FINLEY. In the event that Congress would appropriate a million dollars, how would the Department construe that action of Congress?

Mr. SHALLENBERGER. As authorizing, in our discretion, so much of the additional service as that would cover.

Mr. FINLEY. At the most necessary points?

Mr. SHALLENBERGER. Yes; at the most desirable points.

Mr. GOEBEL. Right there I was going to ask that question. In your estimate for appropriation for additional tube service, do you specify the cities in which it is to be expended?

Mr. SHALLENBERGER. No, no.

Mr. GOEBEL. Suppose Congress—

The CHAIRMAN. Wait a moment; I think you specify indirectly such cities as the commission has favorably reported upon.

Mr. SHALLENBERGER. Oh, yes.

Mr. GOEBEL. That is what I wanted to get at.

The CHAIRMAN. On page 38.

Mr. SHALLENBERGER. In my previous answer I thought I had covered that fully.

Mr. GOEBEL. I was probably not in here when you gave that testimony.

Now, let us assume that you do specify. Suppose the committee should not give you the whole amount asked for for the entire additional service; what do you propose to do with the amount that you would get?

Mr. SHALLENBERGER. If no conditions were imposed upon the Department we should act in our best discretion as to how we should disburse that fund. We might attempt to secure the entire service for that cost by advertising for the service in all the cities with the understanding that we were not permitted in awarding the service to go beyond the appropriation. We might make a tender to the companies pro rata of the appropriation for all the cities, as we would likely do, if Congress should decline to give the full amount.

But whether that would secure service in any city we do not know; we have no reason to know just what the conditions will be when we advertise for the service; but we will say this, that the Government is fully protected in giving us the full amount recommended, because under no conditions will we pay out more than the lowest bid received from the several cities. If there should be competition beyond what we anticipate, and the bids when received for the additional service should promise to install service in these particular cities for a less

aggregate amount than the increase allowed by Congress, the balance would go back in the Treasury or be used for extension of service along the same lines, one of the two just as we should find it—

Mr. GOEBEL. I am only anxious that in the discretion you may exercise on a partial appropriation you would not leave out Cincinnati.

Mr. SHALLENBERGER. I can see wherein you are interested, and we might put it up to Cincinnati to say that they would give us a larger return than any other city would for the money expended.

Mr. SNAPP. Can you give us the amount of first-class mail handled at these cities where these contracts are now in existence, and also at those to which you recommend the service be extended, as of June 30, 1905?

Mr. SHALLENBERGER. We gave that to our committee and I trust they can answer it.

Mr. CREW. You will find the estimate in the tables under each of the several cities.

Mr. SNAPP. I could not find it; whereabouts is that?

Mr. CREW. Take the first city, Boston, on page 40. Total amount of first class per day, pounds estimated, 331 from Cambridge A.

Mr. SNAPP. I meant from the entire cities.

Mr. CREW. No; we can not do that; we did not undertake to do that.

Mr. SNAPP. Can that be done; can that be obtained from any department of the postal service?

Mr. SHALLENBERGER. During the period covered by this report, I doubt whether it can.

Mr. SNAPP. I mean for the year ending June 30, 1905.

Mr. CREW. We could not give it except for the pounds covered here at the post-office and the station.

Mr. SNAPP. Do you know whether any Department makes such an estimate?

Mr. CREW. We have not an estimate of that at the present time.

Mr. SHALLENBERGER. That would be something that would not be in our jurisdiction.

Mr. SNAPP. What bureau, what department would have jurisdiction of that?

Mr. SHALLENBERGER. The First Assistant's.

Mr. STONE. I doubt if there is any record of that.

Mr. CREW. It would only be an estimate.

The CHAIRMAN. My understanding is that first-class mail is given preference in tube service, and whenever it is out of the way then second, third, and fourth class mail, where it can be received by the carriers, is continued; so it is pretty hard to tell what proportion is first-class mail that goes through the tubes. They keep the tubes in service all day if there is available matter that can be put in the carriers.

Mr. SNAPP. Maybe you did not understand me. I wanted an estimate of the total amount of first-class mail handled at these different cities during the year ending June 30, 1905, so as to be able to compare one city with another.

The CHAIRMAN. You did not mean the amount handled in the tubes?

Mr. SNAPP. No.

The CHAIRMAN. I misunderstood you.

Mr. SNAPP. Handled at these different cities.

Mr. FINLEY. The Post-Office receipts would be about the most accurate answer to that, would they not?

Mr. SNAPP. The Post-Office receipts would show the outgoing, but I wanted the total amount, outgoing and incoming.

Mr. SHALLENBERGER. The committee may remember that at my suggestion a special weighing of the mails occurred in November, 1899, at all the post-offices of the country, and that report, I think, will show the amount of first-class mail handled in each of the cities at that time during those thirty days.

Mr. CREW. Originating in each of the cities.

Mr. SHALLENBERGER. Originating in each of the cities.

Mr. FINLEY. That is in your report of last year?

Mr. SHALLENBERGER. Yes; I will say that will be simply——

Mr. SNAPP. That will be of no value so far as Chicago is concerned now.

The CHAIRMAN. As a matter of fact, it was of no value at the time of that weighing, because it was found afterwards that the Chicago postmaster made an estimate in place of giving the accurate amounts.

Mr. STONE. That referred to the previous one, not the last one.

The CHAIRMAN. The one of 1890.

Mr. CREW. 1899 was an actual weighing; at least our instructions were to that effect.

The CHAIRMAN. I believe that is correct, that it was the weighing of 1890; yes.

Mr. SHALLENBERGER. And that was the reason why you felt justified in requesting the second weighing.

Mr. SNAPP. The earnings of the Chicago office, though, must have nearly doubled since those weighings, and the transit of mail has doubled.

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. And I observe your estimates are a trifle over \$1,233,000 for the extension and existing contracts for the tube service. Now, in your judgment, this appropriation would continue about that amount for how long, about how many years; in other words, I would like to get some information in the way how near this would come to completing the service for the present and about how long that completion would continue?

The CHAIRMAN. You mean whether there would be any demand for further extension?

Mr. FINLEY. For further extension, additional appropriations.

Mr. SHALLENBERGER. Well, that is a question it probably would be difficult for me to answer.

Mr. FINLEY. A mere matter of judgment, I know.

Mr. SHALLENBERGER. Yes, a matter of conjecture; but I would say that my judgment would be that this appropriation would not be increased until after the four years' period and we had made a complete and satisfactory test of the system and had determined whether or not we should recommend the purchase by the Government.

Mr. FINLEY. Now, General, just there. I was under the impression

from a statement made by you a while ago that this tube service was no longer experimental.

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Then, when you use that expression now, you mean experimental with a view to Government purchase; that is what you mean?

Mr. SHALLENBERGER. Yes; that is what I mean.

Mr. FINLEY. You are satisfied that in the cities of New York, Boston, Philadelphia, Chicago, and St. Louis, where you have existing contracts, there will be no necessary demand for an extension of the service in those cities within the next five years?

Mr. SHALLENBERGER. There would be no demand that we would feel it necessary to respect.

Mr. FINLEY. That is what I mean.

Mr. SNAPP. Let me call the General's attention to page 50 of the report. In regard to Cleveland, at the bottom of the page, it is said:

It was urged that terminal facilities at the present post-office could be secured only by the construction of a mezzanine floor, and the expense attached thereto would be very considerable. The change of the lines and apparatus to the new building would also add largely to the expense. Furthermore, it is proposed, and the project seems likely to be carried through, to build a union depot at a point east of the present location and somewhat nearer to the general post-office. A tube line laid to the Union Depot at this time by way of the Erie Depot would have to be abandoned upon the completion of such new Union Depot.

On account of the fact, then, that both the railroad and post-office terminals are temporary, the installation of pneumatic-tube service at this time is not favored.

Would not that language indicate that possibly in the near future conditions might so change there as to make it advisable to establish a pneumatic-tube service at that point?

Mr. SHALLENBERGER. Yes, that is true.

Mr. SNAPP. I think that is what Mr. Finley was trying to ascertain—whether in the near future changes might not be made at these different places not covered now by the recommendations.

Mr. STAFFORD. Are there not other cities not inspected yet, such as Indianapolis and Milwaukee—

Mr. FINLEY. And New Orleans—

Mr. STAFFORD (continuing). That might require the adoption of this service?

The CHAIRMAN. Milwaukee was investigated and ruled out.

Mr. SHALLENBERGER. I would add, as a reply to that question, that that is simply the individual judgment of myself at this time. There would be nothing at all to prevent the committee and Congress authorizing additional appropriation sufficient to cover any additional cities that upon investigation might develop the need of this service a year or two later; but in view of the fact that the four-year period will pass pretty quickly, and we could give assurance to those cities that we might install it under more favorable conditions, if they would wait a little while, I rather think the Department would feel like holding the service to this amendment until they wanted to determine whether or not we would like to own the lines ourselves.

Mr. FINLEY. So, General, there is no limit in the matter of necessity, particularly. It is a matter in the discretion of Congress—whatever Congress authorizes the Department will do?

Mr. SHALLENBERGER. Certainly.

The CHAIRMAN. I think either last year or year before, in answer to a question of mine as to what, in your judgment, would be the maximum amount to meet the real necessities in all of the cities of the Union, that you fixed it at two and a half million or two and a quarter million dollars annual expenditure.

Mr. SHALLENBERGER. I think I fixed it at a million and a half.

The CHAIRMAN. It was something in the neighborhood of two millions which, in your judgment, would be the proper demand for tube service annually.

Mr. SHALLENBERGER. That is it—two and a half million dollars under the most favorable conditions, I think would cover all the service that I would agree to recommend under any pressure for the entire country.

Mr. FINLEY. That is, as conditions exist now; but five or ten years from now—not that we will wish it, but perhaps some other Second Assistant Postmaster-General and another Congress will be in then—there might be a demand for more, and then it would be a matter that could be taken up, not indefinitely, but to an amount that would be a very great appropriation for this service.

Mr. SHALLENBERGER. Yes, sir.

Mr. FINLEY. I want to revert to a matter that I do not think has been mentioned—except we know the law. The limit is 4 per cent of the receipts at these offices—that is, the service shall not cost exceeding that. I would like to know why the limit was fixed at 4 per cent. Is it arbitrary, or is there some good reason for it?

Mr. SHALLENBERGER. I really do not know the reason that prevails with the committees, but I assume that it was to safeguard the expenditures which might be made—

Mr. FINLEY. It is a mere matter of protection, then?

Mr. SHALLENBERGER. In one particular facility of the postal service that 4 per cent of the revenue was supposed to be a very moderate apportionment for a service as desirable as this.

Mr. FINLEY. For quick dispatch?

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. Pardon me, but I would like to put into the record at this point the testimony of Mr. Shallenberger which I referred to. I asked Mr. Shallenberger this question:

Have you ever made a calculation of what amount of money it would take to provide pneumatic-tube service to all cities that you could supply under the present law?

That meant the 4 per cent limitation—

Mr. SHALLENBERGER. No; I have not.

The CHAIRMAN. It would be an exceedingly heavy appropriation, would it not?

Mr. SHALLENBERGER. No; I should think not. I do not think it possible that the aggregate expenditure could exceed two and a half million dollars, taking all cities where, in our judgment, it would be a wise thing to install it.

That is what I had reference to.

Mr. FINLEY. So you know of no reason why the limit was fixed at 4 per cent other than that there should be some point beyond which expenditure should not go?

Mr. SHALLENBERGER. That is the reason, I think. I think it is a very wise provision, too, even although it should be increased; I

think we should have some definite limitation in regard to such expenditures.

Mr. FINLEY. Would you advise an increase?

Mr. SHALLENBERGER. Not at present.

Mr. FINLEY. Do you not think the limit is too high?

Mr. SHALLENBERGER. I do not.

Mr. FINLEY. You have not come up to the limit in any case, have you?

Mr. SHALLENBERGER. No, but I think under favoring conditions we would go to the limit; conditions are not favoring.

Mr. FINLEY. Something has been said about the cost of pneumatic-tube lines in connection with your recommendation that provision be made for Government purchase, Government ownership.

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Those lines are valued at about \$330,000 a mile, are they not?

Mr. SHALLENBERGER. Oh, no; oh, no; I think from \$60,000 to \$65,000 was our latest guess.

Mr. FINLEY. The cost of the tube lines from \$60,000 to \$65,000?

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Would the equipment and power necessary to operate them be in addition?

Mr. SHALLENBERGER. Yes; in addition.

Mr. FINLEY. About what does this equipment in New York City cost?

Mr. SHALLENBERGER. We have not any figures on that, I do not think.

Mr. FINLEY. Have you an approximation that you could give?

Mr. SHALLENBERGER. No; I have not.

Mr. CREW. There is a general estimate that is given by the general committee at the time.

Mr. SNAPP. What is that in?

Mr. CREW. In the pneumatic-tube report of the general commission.

Mr. SHALLENBERGER. I would qualify that last reply by referring to the report of the pneumatic-tube commission, authorized by act of June 2, 1900, and appointed by the Postmaster-General, composed of several eminent engineers and business men, as follows:

(Referring to page 11 of the report of the Postmaster-General relative to investigation of pneumatic-tube systems).

Theodore C. Search, Philadelphia, chairman; Robert H. Thurston, of Ithaca, N. Y.; S. C. Meade, of New York; Alfred Brooks Fry, of New York; William T. Manning, of Baltimore; Frederick A. Halsey, of New York, and Lyman E. Cooley, of Chicago. In their report they stated that the pneumatic-tube system under average city conditions, ten miles in length, a double-tube line, would cost \$30,000 per mile, making \$300,000; equipment, one-half of same, \$150,000; power plant, one-third of \$300,000, would be \$100,000; and real estate in right of way, one-sixth of \$300,000, would be \$50,000; or total physical value, \$600,000.

Mr. FINLEY. The commission there base their estimate on the average city?

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Is it true that in some cities the cost would be much

more than in others; for instance, New York would cost more than in Chicago or Cleveland, Ohio?

Mr. SHALLENBERGER. Yes; I think so.

Mr. FINLEY. Very much greater. You mentioned in your statement a while ago that there was a disposition on the part of street-car companies to give up the service they are performing. Am I correct in that?

Mr. SHALLENBERGER. You are correct.

Mr. FINLEY. Does that prevail to any greater extent in the cities that have pneumatic-tube service than in the other cities?

Mr. SHALLENBERGER. Yes; for the reason that the great cities are the ones in which it prevails, and those are the cities in which pneumatic-tube service is recommended.

Mr. FINLEY. Have you any reason to believe that there is connection or community of interests between the street-car companies and the pneumatic-tube service?

Mr. SHALLENBERGER. I have reason to think that there is no connection whatever.

Mr. FINLEY. You do not think there is any connection?

Mr. SHALLENBERGER. I do not; no.

Mr. FINLEY. Then in order to install the service that is contemplated the full amount of your estimate here would be necessary?

Mr. SHALLENBERGER. It would be, subject to the possibility of having lower bids.

Mr. FINLEY. Lower bids. Can you say anything as to the likelihood or probability of having lower bids?

Mr. SHALLENBERGER. No; I can not.

Mr. SNAPP. The cost to the same company of extending this service for a couple of miles would be less per mile in proportion, would it not?

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. Than the cost of the present service?

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. So that you might reasonably hope to receive lower bids for the extension than for the original service?

Mr. SHALLENBERGER. That would be a reasonable expectation if we had competition at all.

Mr. SNAPP. Or even without competition. The Government reserves the right, does it not, to reject any and all bids?

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. Would not the Government expect and insist upon receiving a more favorable bid for an extension than it did for the original service, inasmuch as the power plants of the same companies are already established, which is said to be, by this report just read, one-half of the entire mileage?

Mr. SHALLENBERGER. That is on a short line, of course.

Mr. SNAPP. Ten miles, I understood it was estimated.

Mr. CREW. One-third of the cost, it is?

Mr. SHALLENBERGER. It is one-third of the cost. Well, as I have said, we might reasonably expect lower bids, and we might exercise the discretion of setting aside all bids as being too high, unless a substantial reduction was accepted. We do that in a good deal of our service where we have but the one bid.

Mr. SNAPP. It would seem, however, that in estimating for the cost of this extension that that was not taken into consideration. Is not that true?

Mr. SHALLENBERGER. That is true; we had no information that would justify us in making any other estimates.

Mr. FINLEY. I understood you that the company having the contract in New York City, Boston, and Philadelphia, I think—that there was some interest between them in common. Am I correct in that?

Mr. SHALLENBERGER. Except Philadelphia.

Mr. FINLEY. What was the third city?

The CHAIRMAN. Chicago.

Mr. SHALLENBERGER. Boston, St. Louis, Chicago, and possibly New York.

Mr. FINLEY. Now, the only company that is outside of this community of interests has no contract, has it?

Mr. SHALLENBERGER. It is the Philadelphia company; it is known as the old Batcheller pneumatic-tube system.

Mr. FINLEY. Is there an independent company in New York other than the one that has the contract there?

Mr. SHALLENBERGER. There is no independent company at present.

Mr. FINLEY. If there is no independent company, are you not forced to the necessity of accepting the bid of that company in New York, so long as they do not go above the limit fixed by Congress of \$17,000 a mile; are you not compelled to accept that bid or discontinue the service?

Mr. SHALLENBERGER. No; for the reason that we expect an independent company in New York. It gives us notice they are ready to bid if we advertise for the service, what is known as the tubular dispatch—

Mr. FINLEY. How long before the service is to begin will you advertise and enter into the contract?

Mr. SHALLENBERGER. That is defined in the law; we must advertise the fact not less than six weeks.

Mr. FINLEY. I say how long before the contract is to begin do you advertise and make a contract? It strikes me that would be an important matter.

Mr. SHALLENBERGER. That is in the discretion of the Department, depending on the character of the service.

Mr. CREW. Usually several months.

Mr. FINLEY. If there is only a company ready to get ready in New York City, how would they manage to make progress within a few months so as to be able to take over the service in the event they got the contract?

Mr. SHALLENBERGER. This company, as I have said, would not need to organize; it has already in their possession certain tube lines which it has wrested from the present contractor, because they were leased to him.

Mr. STAFFORD. You mean the Tubular Service Company has now got possession of those tubes?

Mr. SHALLENBERGER. No; the old Tubular Dispatch Company of New York which leased its lines to the New York Newspaper and Transportation Company in order that that company might bid for

the whole service in New York, that company has, through the action of the court on the motion of its bondholders, secured possession of those lines, and is now holding them until such time as we put out an advertisement, with the understanding that it will put in an independent bid for the entire service, just as the old company through its Boston connections may put in a bid for the entire service. In other words, the two have separated, and are now contesting with each other for the possession of those lines, each having a certain portion of line ready for service.

Mr. FINLEY. Do you hope to receive any benefit from that contention?

Mr. SHALLENBERGER. We do.

Mr. FINLEY. To go back to your recommendations again—and I confess that they impress me somewhat—what, in your judgment, would be the cost to the Government for all the tube service now in operation in the event it was taken over by the Government under a purchase on a 2 per cent basis; that is, interest charges at 2 per cent, counting it in that way?

Mr. SHALLENBERGER. I have made no estimate.

Mr. FINLEY. Would it cost more or less than the Government is paying at this time, do you think?

Mr. SHALLENBERGER. It would cost for the plant in addition to the operation of the plant, which would be very much less than we are compelled to pay under the contract system—

Mr. FINLEY. If you could purchase these lines at \$100,000 a mile and calculate 2 per cent on the Government investment, the cost would be very much less, would it not?

Mr. SHALLENBERGER. We should have to estimate, of course, the cost of labor, and the necessary cost of operation, and so on.

Mr. FINLEY. Well, you would pay the present operator's pay, would you?

Mr. SHALLENBERGER. No; but we have not estimated as to just what proportion that would be, although the commission did estimate some five years ago.

Mr. GARDNER. But did not that involve an estimate of the wear and tear, the difficulties about the maintenance of the tube, the length of its life, the cost of operation, and many other things that you could not estimate without going into detail, inquiry, and calculation?

Mr. SHALLENBERGER. Yes; that is very true. All of those conditions, however, are present with the contracting companies, and in their bids they include all that cost. Hence, I say that having experimented now for years and years, and the companies having present the necessary expenditures, they are willing to bid so much for the service, and the Government could secure the service for less.

Mr. FINLEY. We have your estimates here of \$1,233,000 in round figures, as to what you think is a proper sum to be appropriated for tube service, and the extension of this service during the coming fiscal year. Now, what amount in addition to the \$822,000 would you say would be sufficient to give relief and install the service where it is of the greatest need, where there is the most necessity for it?

Mr. SHALLENBERGER. I really cover it all in this present recommendation—all that is really needed.

Mr. FINLEY. So you think you could not say that you consider it more necessary in one place than in another. Am I correct in that?

Mr. SHALLENBERGER. No, I would not be prepared to say that it was not needed more in one place than in another; but I say it is needed in the several places we have recommended, and also that they are the only cities where the conditions, in our opinion, justify us in recommending the service.

Mr. FINLEY. Do all those cities have the same necessity for the service, in your judgment?

Mr. SHALLENBERGER. No, sir; not in my judgment.

Mr. FINLEY. Well, if you take those that have the greatest necessity for it, what would you say as to the amount necessary to be appropriated?

Mr. SHALLENBERGER. I would not feel that I could recommend an additional appropriation—

Mr. FINLEY. I am not asking you that; I am saying, in case you would only take those cities that have the greatest necessity for the service, what amount would you estimate would be necessary?

Mr. SHALLENBERGER. Oh!

The CHAIRMAN. In other words, which of these several cities recommended for would you give preference to?

Mr. SHALLENBERGER. That I am not prepared to say; that would require a little further analysis.

Mr. FINLEY. I did not mean to ask that question, Mr. Chairman.

The CHAIRMAN. That was the construction I put on it, and that is why I objected.

Mr. FINLEY. No; I said in the sense there was greater necessity for the service in some cities than in other cities, what would be the amount we would require?

Mr. SHALLENBERGER. And if I should name the places where the greatest necessity occurs, of course I would have to eliminate the other cities.

Mr. FINLEY. I did not mean that, but in the event you did do that, what would the amount be?

Mr. GARDNER. You have recommended, General, a provision of law in looking to the ownership of these tubes by the Government. Before proposing that provision of law did you take into consideration the question of jurisdiction by the Government over these tubes and the ground under which they will run, as to purchase?

Mr. SHALLENBERGER. In a general way, I think, all the questions involved were taken into consideration. Not being a lawyer myself I have had the counsel of legal minds, as well as administrative minds, and the conclusions reached justified the belief that the provision recommended is a safe one, and would permit the Government to secure, under proper legislative authority, the ownership and maintenance of those lines.

Mr. GARDNER. Yes; now, if the question of jurisdiction has been considered and the advice of the law officers is such that it is safe on the side of the Government, what does that imply: That under the post-office and post-roads clause of the Constitution whenever the Government should come in possession of a tube leading under a street, that that becomes a post-road, and the Government jurisdiction ousts the municipal jurisdiction?

Mr. SHALLENBERGER. Under the general law all streets are post-roads, they being highways.

Mr. GARDNER. That does not answer the question at all. This must become a Government post-road, over which your jurisdiction is well nigh exclusive, or else you have practically no jurisdiction at all. What I wish to call your attention to is that down Market street, in Philadelphia, for example, there are gas mains and water mains and sewers, and various municipal conduits that have been going in there for many years. Now, there is a pneumatic tube. The Government purchases that tube. What jurisdiction in the Government goes along with it? That has got to be replaced and repaired by virtue of that ownership under the post-roads and post-offices clause.

Is the Government to go and open Market street when it pleases, replace as it pleases? Will it remain subject to the jurisdiction of Pennsylvania or not? That is the question. How is the Government of Pennsylvania, or the municipal body of Philadelphia, going to reach the United States? Now, you either have practically absolute jurisdiction there to do as you please, or you have none at all; which is it?

Mr. SHALLENBERGER. I am not prepared to discuss that point.

Mr. GARDNER. The United States Government, in the purchase of a site for a post-office building, which it erects under that clause of the Constitution, insists on the abrogation of jurisdiction by the State, which in our Eastern States, I will say in parenthesis, leads to very great confusion. The State legislature finds itself powerless as to street legislation. Municipalities in some instances have to lay the Government pavements and then seek an appropriation down here, which sometimes they get, and sometimes they get tired of waiting for it and pocket the loss.

But this, it seems to me, becomes a serious question, looking to the future of Government ownership, because the Government proposes to own a tube line under a principal thoroughfare of the city of New York or Philadelphia or Chicago. Now, the Government is subject to the jurisdiction of Illinois in Chicago, and the board of aldermen in Chicago has its regulations about opening streets, or else the Government is supreme, and goes there and does as it pleases, without regard to the ordinances of Chicago or the statutes of Illinois. If there is to be a concurrent jurisdiction then, of course, it must be fully set out, to the last detail, in an act of the legislature conceding jurisdiction to the Government over the ground under which those tubes lie.

In other words, the Government jurisdiction is absolute, the municipal jurisdiction is absolute, or there is a concurrent jurisdiction, which must be a matter of agreement, I take it. Which is contemplated by the Department; what is the conclusion of the law officer? I ask the question because, if the purchase of a pipe under an important street in a municipality under the post-roads clause of the Constitution is going to give the Government practically exclusive jurisdiction over that highway, it is a very important matter to the municipalities.

Mr. SHALLENBERGER. That subject will be fully considered and a report made to the committee whenever it becomes necessary for the Department to make a report, when the option of purchase is likely to be affected.

Mr. GARDNER. But the exclusive jurisdiction by the Government

might be as objectionable as exclusive jurisdiction by the municipality?

Mr. SNAPP. You might go even further. Under the law of Illinois the title to the street itself may be in an individual with the right of easement only in the public, and that might be the case in Chicago. I know that it is true in a good many of the principal streets in Illinois.

Mr. GARDNER. My questions may not be opportune. They are asked in view of two things: One, the assumption that the tubes now in Philadelphia and New York are there by the authority of the legislature, conferred by the board of aldermen, and that the franchises are no doubt granted with limitations. Now, the question of whether the Government is going to take them with those limitations or whether it is going to take jurisdiction over those highways by reason of having a post-road with a pipe under it is a question; whether this legislation as passed is going to abrogate the limitations set by the States, and if it does, I take it, it would go for the saying that the States would want to be heard. Certainly the municipalities would want to be heard.

If the National Government by the purchase of the pneumatic tube from the Pennsylvania depot to the Philadelphia post-office is going to take exclusive jurisdiction over its most important business street, open it and close it as it pleases, repair it or not as it pleases (because if it neglects or refuses to do it they can not bring suit against the Government; nobody can bring suit against the Government for damages that might occur in the doing of that work as they can against individuals), it opens a broad field of inquiry.

Mr. GOEBEL. Mr. Gardner, can the seller dispose of more than he has, and what has he? A franchise, a right to maintain and operate tubes. Now, when the Government comes to purchase that it purchases simply the right, that that individual company may have, and then arises the further question whether the Government will want to exercise the exclusive control of the additional power. Then it must confer with the municipality or State.

Mr. GARDNER. That is the very question I am driving at—whether that is true, or whether under the post-offices and post-roads clause of the Constitution, the Government having taken over a pipe under a street through which the mail is conveyed—

Mr. GOEBEL. That is a franchise.

Mr. GARDNER. But it has taken over the pipe, whether the Government can not right here, through this committee and the House, take exclusive jurisdiction over that post-road by reason of occupying it?

Mr. GOEBEL. That would be another proposition.

Mr. GARDNER. No; that is the proposition I am trying to bring out.

Mr. GOEBEL. That is not involved, it would seem to me, in a question of the purchase of the property and the franchise which the company may own or may have.

Mr. GARDNER. I was asking my question with a view of what would follow Government ownership. Now, if the Government becomes the owner of a pipe through New York, Philadelphia, or Chicago, and there is any conflict of authority, and the power is found in the Constitution for Congress to control the matter, the Post-Office Department coming here, the committee is going to con-

fer the power, and the House is going to ratify it, and the people, who have the power, exercise it when the question arises, and if the power exists in that clause of the Constitution, the outcome would be practically exclusive jurisdiction on the part of the Government. But at any rate, you say, they get just the powers.

Suppose your proposition is right and the Government takes over a tube, and is now the owner of the franchise and the whole thing, and to-morrow they proceed to open the street contrary to the ordinances of Chicago, what is the remedy? What is the remedy against the United States Government? Suppose it has left that open without a light and your carriage drives in there, what is the remedy against the United States Government?

Mr. GOEBEL. I concede that that is another question that the Government will have to consider as to whether it is going to recognize that absolute power over the streets in reference to that, but in what Mr. Shallenberger said in reference to the proposed purchase, or that the Government would own a tube system, that can have reference only to what the company or individual might own, which the Government might purchase, leaving the other question to be considered hereafter.

Mr. GARDNER. I am asking these questions with the view to the collateral thing that we know is going to happen. If the power is in the Constitution the Government is going to exercise it; if it is the owner of those pipes it is not going to ask anyone whether they want to repair one or take one up or put one down, but it will go ahead.

The CHAIRMAN. I suggest, Mr. Gardner, that you proceed with the examination of Mr. Shallenberger, and leave these legal arguments for the executive sessions of the committee when we have finished with the witnesses who appear before us.

Mr. GARDNER. I do not know whether the General desires to answer more specifically. He says that he consulted legal minds and administrative minds, and he thinks it is a safe proposition.

Mr. SHALLENBERGER. I might in justice to the Department modify that somewhat by saying that I have consulted such legal advise as I have in my own bureau of the Department, together with the administrative officers, and the question was not presented in the form in which you asked it. It would be very carefully considered before we would take any action under the authority vested in the Department by Congress.

Mr. SNAPP. Is that adviser a civil-service lawyer?

Mr. SHALLENBERGER. He is. I will not say that he has specifically considered this point. I will only say that he is a lawyer accredited to the Attorney-General's Office and has practiced in the courts of the District and the Supreme Court.

Mr. GARDNER. I think there is no use to pursue this further with the General, because he says he is not aware that that point has been specifically considered.

Mr. STAFFORD. If the question was put to you whether, if the Government was vested under these new contracts with the termination of the contract in five years, and according to the phraseology of the clause as suggested, whether it would lead to a higher rate than if it was for an absolute ten-year period without any such limitation of termination; I wish to ask whether that clause in the proposed

amendment vesting in the Government the right to purchase at the end of a year's period under the terms therein expressed would not result, in your opinion, in obtaining a lower rate, in that capital would be more ready to invest its funds in a utility that could only be used by the Government if it knew that its plant would be purchased by arbitration, or by some other means, at the end of the period when the Government saw fit to appropriate it?

Mr. SHALLENBERGER. I have no present information that would enable me to answer that question. It is problematical, and the Department would have the right to cancel the contract at the end of the five years absolutely; there would be no intimation clear and distinct that the Government would desire to purchase at the end of the five-year period; we would simply have the option to do it.

Mr. STAFFORD. Would you propose, then, and would you intimate to the contractor that you would purchase at the end of the ten-year period and have his line discarded, if the Government saw fit to do so, or what would be the reason for giving this notice to the contractor to terminate it at the end of the five-year period?

Mr. SHALLENBERGER. The only reason for it is the special preference of the Postmaster-General, I may say, that he shall not be bound absolutely to a contract for ten years, if for any reason the interests of the Government should suggest a shorter term.

Mr. STAFFORD. And under the proposed amendment one of those reasons might be the advantage to the Government of operating it by itself, and in that contingency the Government would go ahead and appropriate by eminent domain or other means, according to the specifications of the contract, the plant that is then established, would it not?

Mr. SHALLENBERGER. Yes.

Mr. STAFFORD. Would that factor have a tendency to increase the rental for the period contracted for, or would it have the effect of lessening the rental of the prospective purchaser under such conditions, upon such terms as might be agreed upon?

Mr. SHALLENBERGER. There being no assurance that the Government would become a purchaser, I can not see that it would affect the situation.

Mr. STAFFORD. But there is a possibility that that case might happen?

Mr. SHALLENBERGER. Yes.

Mr. STAFFORD. And it might redound to the benefit of the contractor if such a contingency happens?

Mr. SHALLENBERGER. I don't think so.

Mr. STAFFORD. It would not redound to the benefit of a contractor to have its plant purchased by the Government when under the very nature of things there is no other purchaser in the market for that kind of a utility?

Mr. SHALLENBERGER. If the Government should see fit to cancel the contract the plant would be on the hands of the contractor, and would be worthless.

Mr. STAFFORD. Would not the possibility of its being purchased—I do not think your answer meets the query—

Mr. SHALLENBERGER. I think no answer I can frame would do it, because I can have no means of information which in my judgment will permit me to give you a definite answer.

Mr. STAFFORD. With a business man would not the fact that there would be a contingency in which his plant would be purchased operate with him in making a lower rate for a ten-year period?

Mr. SHALLENBERGER. It would depend entirely on what profit he is hoping to make out of his ownership of the patent and of the plant.

Mr. STAFFORD. If the Government should contract specifically that it would not during this period purchase the plant, but would discard it, would that be operative rather than a contract which provides that under certain contingency it would, if the terms could be agreed upon, appropriate it and purchase it?

Mr. SHALLENBERGER. I have no means of knowing.

Mr. STAFFORD. How many kinds of patents are there now in use in the operation of the pneumatic tubes?

Mr. SHALLENBERGER. I do not remember; I do not know, in fact.

Mr. STAFFORD. Do either of your assistants present know?

Mr. CREW. I could not tell; I know there are several; but I do not know how many.

Mr. STAFFORD. Are the systems in New York, Philadelphia, Chicago, and St. Louis different from each other?

Mr. SHALLENBERGER. Slightly.

Mr. STAFFORD. In what particulars do they differ in the main, if any?

Mr. SHALLENBERGER. I can not give the specific difference.

Mr. STAFFORD. Can Mr. Crew state whether the machinery in any two cities is alike?

Mr. CREW. I can say this, that even in New York we have different machines at different stations; some of the old machines are in, and some of the improved machines are in at other stations.

Mr. STAFFORD. At St. Louis and Chicago, which are the two last cities to have this service installed, is the machinery the same?

Mr. CREW. It is different at different stations in Chicago, I think. I think the machinery in St. Louis is the same, or on the same model at each of the places.

Mr. SHALLENBERGER. I do not regard the present patents as being of very serious expense.

Mr. STAFFORD. You say that at present, as I understand you, there are two companies in New York that own different parts of the system there?

Mr. SHALLENBERGER. Two companies originally owned the respective lines, one line having been leased to the present contracting company.

Mr. STAFFORD. And at present how many companies own the pneumatic tubes in New York City and Brooklyn?

Mr. SHALLENBERGER. Two companies, so far as I know; the present contracting company, the New York Newspaper and Transportation Company, having the line from New York to Brooklyn, and having leased the lines from the other company from the post-office to the Grand Central.

Mr. STAFFORD. The original company owned certain lines of its own and leases the remainder of the lines there?

Mr. SHALLENBERGER. Yes.

Mr. STAFFORD. But recently, by reason of court proceedings, some of these leased lines have got in control of a different company?

Mr. SHALLENBERGER. Have been taken by the bondholders of the original company.

Mr. STAFFORD. And those bondholders are the same parties in interest that control the Boston Company, or are they different?

Mr. SHALLENBERGER. They are different; the party now controlling the New York Newspaper and Transportation Company is the Boston interest.

Mr. STAFFORD. And these bondholders are separate and distinct?

Mr. SHALLENBERGER. Separate and distinct.

Mr. STAFFORD. And they are in control of how large a part of the New York line?

Mr. SHALLENBERGER. They are in control of about $3\frac{1}{2}$ miles out of the entire 24 miles.

Mr. STAFFORD. And in their communications to the Department do they seek merely to make a bid on the miles that they now control by reason of foreclosure proceedings, or receivership proceedings, or do they seek to compete for the whole service?

Mr. SHALLENBERGER. They advise me that they sought to bid on the whole service, if the advertisement could issue at once.

Mr. STAFFORD. In all these cities where the pneumatic-tube service is in existence, and where the electric-line service was in existence at the time of its establishment, is the electric car line service still continued?

Mr. SHALLENBERGER. It is.

Mr. STAFFORD. Do not the expenses of management in these respective cities in which the pneumatic-tube service is installed, and in which it is proposed to be installed, vary considerably?

Mr. SHALLENBERGER. I am not prepared to say, because we have no interest particularly in the expenses of the companies.

Mr. STAFFORD. Not so far as the companies are concerned, but the relative expenditures for postal service in these respective cities as compared with the receipts; do they not vary considerably?

Mr. SHALLENBERGER. Yes; I think they do.

Mr. STAFFORD. And after the pneumatic-tube service is installed there is no discontinuance to any appreciable degree in the electric car line service or screen-wagon service which it supplements?

Mr. SHALLENBERGER. There is a substantial reduction.

Mr. STAFFORD. As I understand it, the reason for this is not that the pneumatic-tube service results in any substantial reduction, but it is justified only in increased efficiency of the service by reason of quickness of dispatch?

Mr. SHALLENBERGER. You misunderstood me; it is for both reasons.

Mr. STAFFORD. I understand that was your reply to Mr. Finley's question. Do you not think that it would be more equitable to the service in the cities throughout the country to have this service installed only where there would be a favorable showing as between the receipts and expenditures, rather than having it installed disregarding the amount of expenditures there?

Mr. SHALLENBERGER. I think the relation of the expenditure for the pneumatic-tube service to the revenue of the city as indicating the volume of business in the city is the best method of ascertaining the relative needs of the service.

Mr. STAFFORD. As the expenditure of the extension of the service will come up before the committee I would like to ask Mr. Crew or Mr. Shallenberger if there are any special reasons other than those contained in the report as found in Mr. Shallenberger's report that exist in these cities where it is recommended for establishment for the first time?

Mr. SHALLENBERGER. I assume to say for the committee that I have reason to believe that the committee made the best presentation they could of the needs of the service in the respective cities. I am not prepared to say that they comprise all the reasons.

Mr. CREW. They merely summarize them, that is all.

Mr. STAFFORD. Take the case of Baltimore, where it is sought to extend the service from the general post-office to two railroad depots, and where it is shown that there is not more than twenty minutes, time required to transfer the mail as at present in screen-wagon service from the post-office to the respective stations; what is the special reason, if any, which would justify the installation of the service there?

Mr. CREW. I would answer, the amount of mail that is handled there and the necessity of quick delivery to trains, making connections that they would not be able to make with wagons.

Mr. STAFFORD. That the fifteen minutes or eighteen minutes saving as the result of the adoption of this pneumatic-tube service would give the increased efficiency?

Mr. CHEW. Give a chance to make connections for certain mails that you could not otherwise make.

Mr. STAFFORD. Is the opinion entertained by the officials of the Post-Office Department, to your knowledge, that in the dispatch of mails for short distances from post-offices to depots for outgoing mails the pneumatic-tube service does not furnish any great added advantage in the dispatch of mails?

Mr. SHALLENBERGER. We have undertaken to say that in some of those cities where the distances are short it is not sufficient to justify the expense for installation.

Mr. STAFFORD. Wherein are the conditions different in Baltimore from in those cities where the expense is not justified in your opinion?

Mr. SHALLENBERGER. It would save a little more time and the distance is a little greater there than in some of those cities. One feature that should be considered is that not only do we save time in transmission by the tube, as compared with the schedule of the wagon service, but we must remember that heavy mails require a certain length of time to be loaded and unloaded from the wagons, and we must remember the delays that occur at the terminal points in starting the mail delivered by wagon. One of the advantages of the pneumatic tube is that just as soon as the mail is received from the train on the truck and carted into the room the mail becomes a continuous stream from the depot to the table of the post-office, saving not only the time in transit but the time it takes to unload and load the wagon, and the time it takes to cart it back on the tracks to the tables.

Mr. STAFFORD. Is it not a fact that when the incoming mail arrives at some of these large stations there is delay in case of the pneumatic-tube service in the assortment of it from the large bags, so as to enable

it to be placed in the smaller packages for carriage by the pneumatic tubes, which compensates for the saving you just spoke of?

Mr. SHALLENBERGER. I think not, because those separations are made on the train as a rule.

Mr. STAFFORD. When the mail arrives at stations in large quantities it is not in these small bags ready for dispatch in pneumatic tubes, as I understand it, but in large bags, which require separation at the railroad stations, which may be done afterwards at the main postal system in case it is carried by screen-wagon service, and not by pneumatic-tube service.

Mr. SHALLENBERGER. It does not affect the general statement that I made, that no matter what delay there may be in opening the mail that delay is no greater under either condition, whether sent by pneumatic tube or wagon. It must be made at one or the other terminal, and there is a continuous stream of mail by the pneumatic tube; it comes in as rapidly to the table in the post-office as the clerks can handle it and dispatch it, hence there is no delay whatever, as compared with the delay that is necessitated at times in waiting for a full wagonload of mail to be loaded and unloaded.

Moreover, the clerks are kept more continuously at work in dispatching the mail that arrives during the day than when they are required to sack it and wait for a wagon load; or if not, wait for a wagon load, dispatch it by every half wagon, which is done at considerable cost. First-class mail, in other words, handled by the pneumatic tube is in continuous streams between the respective offices and stations.

The mail that is delivered by wagon and electric car is delivered in bulk and under conditions which necessarily delay it.

Mr. STAFFORD. In the stations in any of these cities that are recommended for this service for the first time, do they supply residence districts?

Mr. CREW. Not to any extent; no, sir. Mainly for business locations.

Mr. STAFFORD. Are they as much for business locations as that station at Tenth and Columbia avenue, Philadelphia?

Mr. CREW. That station at Tenth and Columbia avenue is covered by present contract, and is under the former commissioner—

Mr. STAFFORD. I understand that.

Mr. CREW. We hope they are better.

(Adjourned.)

COMMITTEE ON POST-OFFICES AND POST-ROADS.

HOUSE OF REPRESENTATIVES,

*Monday, January 29, 1906.***STATEMENT OF HON. W. S. SHALLENBERGER, SECOND ASSISTANT POSTMASTER-GENERAL, ACCOMPANIED BY MR. JAMES H. CREW, SUPERINTENDENT OF RAILWAY ADJUSTMENTS, MR. G. F. STONE, CHIEF CLERK, AND MR. ALEXANDER GRANT, ASSISTANT SUPERINTENDENT OF RAILWAY MAIL SERVICE.**

Subcommittee called to order at 10.35 a. m.

The CHAIRMAN. I understand that Mr. Shallenberger would like to make some further statement in relation to the pneumatic-tube service, and, while we have passed that item, we will return to it, and you may make, General, such suggestions as you desire.

Mr. SHALLENBERGER. Mr. Chairman, in regard to the amendment proposed by the Department on the pneumatic-tube service, I have given a somewhat further consideration to the subject, and I desire to submit now an amendment in a little different phraseology, including the provision for option of Government purchase, and also to submit in connection with that a letter which I have prepared to yourself as chairman, explaining at some length the views of my office in relation to that option. At the same time I thought it well to prepare two other amendments which might be considered by the committee in the event that it decided to eliminate from its recommendations the idea of Government purchase or Government ownership of the tubes. I have prepared the two amendments so that one of them, while eliminating Government ownership, retains the option of terminating the contract in the discretion of the Postmaster-General after four years, on one year's notice, the other amendment being a provision for a straight ten years. I do this because we deem it of great importance that the phraseology of any amendment should be very carefully considered, in order that its construction may not be doubtful, and so that it may be clearly in the interest of the Government. Therefore I suggest this amendment be considered for reducing the appropriation from the aggregate amount asked for, which was \$1,233,676.84, to an even \$900,000, and requesting that authority be granted for contracts not exceeding the aggregate first named. The phraseology of this amendment is in this form—

The CHAIRMAN. That is on the theory that you would not be able to conclude contracts for the extension within the period of that fiscal year?

Mr. SHALLENBERGER. It is with the understanding that if we should place the contracts after advertisement, and as early as might be practicable, it would be impossible to secure the completion of the lines and the certification of the service as early as I had formerly believed possible; and that as the certification of the service will determine the time when pay begins, it will begin later in the fiscal year than I had apprehended, therefore it would not be possible, perhaps, for the Department to use more than \$900,000 within the next fiscal year. I have therefore rewritten the amendment as follows:

For the transmission of mail by pneumatic tubes or other similar devices, nine hundred thousand dollars; and the Postmaster-General is hereby author-

ized to enter into contracts not exceeding, in the aggregate, one million two hundred thirty-three thousand six hundred seventy-six dollars and eighty-four cents, under the provisions of the law, for a period not exceeding ten years, and with the right of termination, at the discretion of the Postmaster-General, of any such contract at the end of any year of the contract term after four years on one year's notice, and with the option of purchase by the Government, upon the terms and in the manner to be hereafter prescribed by law, of the tubes and appurtenances, including valid patents deemed essential to construction and maintenance, at the end of any year of the contract term after four years on one year's notice.

It will be noticed that I have included another suggestion here different from that which I submitted on Friday. I say, "the option of purchase by the Government upon the terms and in the manner to be hereafter prescribed by law," thus answering one or two question with reference to the possibility of the Department going forward without further legislation to pledge the Government to purchase. In support of that amendment I desire to submit the following letter:

POST-OFFICE DEPARTMENT.
SECOND ASSISTANT POSTMASTER-GENERAL,
Washington, January 27, 1906.

SIR: In support of the recommendation for the insertion in all future contracts for pneumatic-tube service of a provision giving to the Government the option of purchase, I invite attention to the annual report of the Postmaster-General, beginning on page 51, as follows:

"The time seems to have arrived when renewal of leases for a period of ten years, with an option of purchase by the Government, should be authorized by Congress, or an outright purchase of the tubes now in operation, including valid patents deemed essential to construction and maintenance, should be provided for by adequate appropriations. The standard 8-inch tube now in use has demonstrated its adaptation to the needs of the Department, and the limitation of the law as to the extent to which the tubes may be used in large cities yielding principal postal revenue defines under recent investigation the cost of the general introduction of the system with sufficient exactness to enable Congress to safeguard the expenditures in providing for ultimate purchase. The expensive plant required, its exclusive use by the Government, the impossibility of securing adequate competition, the timidity of capital in investing in bonds based on a four-year contract, the fact that the Government has a monopoly of carrying first-class mail, which constitutes the bulk of mail necessarily carried by pneumatic tubes, these and other considerations seem to justify Government ownership of tubes at the earliest practicable date, and as well the most favorable leases that can be secured pending the date fixed for Government ownership."

The suggestion has been made that the Government ownership of pneumatic tubes may give rise to difficult or embarrassing questions with reference to conflict of authority between the Federal and State or municipal governments in the matter of practical operation of the service, the repair of tubes, etc. It is not believed by the Department that the Government ownership of the tubes would change the status of the Federal authority or involve any different questions than those which now arise. A consideration of the following facts, I think, will make this clear:

The Government of the United States has full attributes of sovereignty within the power enumerated in the Constitution over the transmission of the mails, and such power has been assumed and put into practical exercise by legislation. (158 U. S., 564.)

Congress has by law declared that all waters of the United States during the time the mail is carried thereon, all railroads and parts of railroads which are now or hereafter may be in operation, all canals during the time the mail is carried thereon, all plank roads during the time the mail is carried thereon, all letter-carrier routes established in any city or town for the collection or delivery of mail matter, and all public roads and highways while kept up and maintained as such, are post-roads. (Rev. Stat., sec. 3964, act Mar. 1, 1881, ch. 9; 1 Supp., 423.)

The transportation of the mails by the Government is a governmental function, and railroad companies carrying such mails are public agents of the United States employed in performing such Government function. (117 Fed., 434.) Other contractors and carriers of the mail are likewise public agents of the Government employed in like performance.

Though this sovereign power over the transmission of the mails is thus granted by the Constitution and made effective by statute, and the exercise of the same is extended by statute as above indicated, yet the public agents of the Government who are thus engaged in the performance of the service are, nevertheless, subject to the observance of State and municipal police regulations. So its agents are subject to arrest for the violation of municipal laws, and railroad companies operating trains carrying mails are held to be subject to constitutional State and municipal regulations with respect to speed and otherwise.

It does not appear that the question of governmental ownership of the instruments by which the service is performed would affect any of these questions. The Government may or may not own the vehicles or the means by which the service is performed; and in neither event is its power over the transmission of the mails, or the liability of its agents with respect to the observance of State and municipal regulations affected. At present the Government transmits the mails by a pneumatic-tube service through the instrumentality of a contractor, who owns the tube. The contractor must observe State and municipal regulations. If the Government were the owner of the tubes, the operation must be by its officers or agents (in such event not contractors), but who would be instructed, as in all other cases, to respect the State and municipal regulations, as the contractor in the first instance is obliged to do.

I do not believe, therefore, that the ownership of the tubes by the Government would change the status of the Government in any respect or give rise to any questions other than those which may now arise from the operation of the service by means of tubes privately owned.

Respectfully,

W. S. SHALLENBERGER,
Second Assistant Postmaster-General.

HON. JESSE OVERSTREET,
*Chairman Committee on the Post-Office and Post-Roads,
House of Representatives.*

Now, Mr. Chairman, if, after full consideration, the committee is not inclined to commit by its recommendation the Government to possible ownership, I will offer the following amendment:

For the transmission of mail by pneumatic tubes or other similar devices, nine hundred thousand dollars, and the Postmaster-General is hereby authorized to enter into contracts not exceeding, in the aggregate, one million two hundred and thirty-three thousand six hundred and seventy-six dollars and eighty-four cents, under the provisions of the law for a period not exceeding ten years, and with the right of termination at the discretion of the Postmaster-General of any such contract at the end of any year of the contract term after four years, on one year's notice.

And if the committee does not deem it wise to reserve the right to terminate the contract at the end of four years on one year's notice, then I submit a further amendment eliminating that particular feature:

For the transmission of mail by pneumatic tubes or other similar devices, nine hundred thousand dollars, and the Postmaster-General is hereby authorized to enter into contracts not exceeding, in the aggregate, one million two hundred and thirty-three thousand six hundred and seventy-six dollars and eighty-four cents, under the provisions of the law relative to pneumatic-tube mail service, for a period not exceeding ten years.

The CHAIRMAN. That is as far as you care to go?

Mr. SHALLENBERGER. That is as far as I care to go on the question now.

Mr. FINLEY. In the event the committee did not care to adopt either of the propositions that you advance, what would you say about an

appropriation or an authority authorizing you to select one of these additional places, say Cincinnati, Pittsburg, or San Francisco, and proceed with your Government-ownership proposition there as an original undertaking, commencing the work there with a view to demonstrating the advisability of Government ownership, or, on the other hand, to demonstrate that it was impracticable. In other words, do you think that the information we have is sufficient for us to decide, even tentatively, that we should go in the direction of Government ownership, and would it not be better to have a practical test at one of these points? What would you say to that?

Mr. SHALLENBERGER. That, I think, has been pretty clearly covered in what we have said following the recommendation of the expert commission which was appointed some years ago.

Mr. FINLEY. That is not in your report, is it?

Mr. SHALLENBERGER. It is in my report, but elaborated a little more fully in the Postmaster-General's report.

Mr. SNAPP. Do you refer to the report of the first or the last commission?

Mr. SHALLENBERGER. I refer now to the Annual Report of the Postmaster-General, at page 51.

Mr. FINLEY. There is nothing there that would be a complete answer to the question which I have asked you.

Mr. SHALLENBERGER. Page 52 of the report says:

The full experimental service authorized by Congress has not yet been completed, mainly because a four-year contract was not deemed long enough to enable companies to sell bonds at reasonable rates; and until this full service can be installed and the latest and best machinery can be tested under various conditions and for a longer period immediate ownership, however desirable, seems impracticable.

Mr. FINLEY. As I understand it, the Postmaster-General deals with it as one entire proposition, or a general proposition for Government ownership of all the tube lines; but my question makes a limitation.

Mr. SHALLENBERGER. I appreciate now the force of your question, and I would say that I do not think that the Department is in possession of sufficient information to make it to the interest of the Government to have governmental ownership effective within the next four-year period, and that if Congress shall authorize by suitable legislation the completion of all the service under contract and its extension there will be a sufficient inducement for capital and for bidding companies to put into operation the latest and best appliances, so that we will then be in possession of information that would enable us to go to an outside city and say, "Now, we will not ask any contract service; we will simply ask an appropriation," and give all information. The patents will have been sufficiently perfected—and some of them will have expired—so that we can safely go forward at the lowest possible cost to the Government.

Mr. FINLEY. When you install the service in all of these new points you will then have it in the same condition that the service is in New York, Philadelphia, Chicago, and Boston, and you will have all of these local conditions and local interests to confront when you go to any of these places. Then, as I understand you, you would be in a position, after the full test, to go to some city other than these places mentioned in the report—

Mr. SHALLENBERGER. The extensions in the cities already covered.

Mr. FINLEY. You say you have not enough information, but that is not the question I asked you. Would that not bring fully to Congress, in a practical way, by a test actually made, as to whether or not Government ownership would be practicable? Take one point—take Cincinnati, for instance—and let the Government install its plant there, own the plant, conduct it, and operate it. And would not that give to the American Congress an object lesson which would be worth something, because it would be an actual test?

Mr. SHALLENBERGER. I think you are entirely right.

Mr. FINLEY. Now, I want to know what objection you would have to that in the event that I did not make myself clear before, and your answer was not altogether responsive or fully intended to cover the questions as I have last stated them.

Mr. SHALLENBERGER. My only objection to that would be that I scarcely think that we are at present prepared to prescribe the best terms from patentees and others, when we might do so with ownership.

Mr. FINLEY. Now, when you get to Cincinnati or Pittsburg with this proposition, would not those municipalities be anxious to cooperate with you and to give you everything you want without cost, the right to use the streets—of course, you would put them back in the same condition—and could you not obtain your rights of way very much easier than you could obtain them in Philadelphia or Boston?

Mr. SHALLENBERGER. Not materially so, for all these municipalities have shown a willingness, because of the great advantage the service will be to their cities, to cooperate with the Government in permitting contract companies to install the service.

Mr. FINLEY. Would they not permit the Government itself much more readily to have these rights of way and privileges than an individual, or contractor, or company?

Mr. SHALLENBERGER. I am not quite prepared to say, for the reason of the suggestions made on Friday that probably there will be a fear of conflict in some way.

Mr. FINLEY. Basing my question on the assumption that those questions of conflict would be smoothed over?

Mr. SHALLENBERGER. If we could eliminate those entirely it would be my hope and expectation—and I think you are correct—that the Government would find it easier to treat through the municipalities than the contractor.

Mr. FINLEY. I understand you that you are not in possession of sufficient information to warrant you in indorsing the proposition for Government ownership at one of these points as an object lesson. Now, you do go far enough in your report to, and you do actually advise, the installation of the service at all of these points with a proviso for Government ownership at the end of four years if deemed feasible. Now, would it be any greater risk to adopt the view that I presented in my question than to carry out the recommendation in your report?

Mr. SHALLENBERGER. Well, the risk in its expense would not be so great, because it would be limited to one city, but the desirability would not be so great because it would anticipate the time when I think the change could be made with advantage to the Government.

Mr. FINLEY. Isn't this true, that if you did install this service at any one city and it was found to be a failure that would settle the

question absolutely, and would it not be then a small matter for the Government to get rid of the question; but if it was a success it would simply install it in that city? If you adopt the outline in your report there would be private corporations owning the tube lines, and intrenched in a business enterprise and undertaking, and would it not be somewhat difficult to dislodge them, or for the Government to take over their plants at any reasonable price or basis, if at the end of four years your information was such that the Government would be warranted in terminating a contract and in taking over the service itself?

Mr. SHALLENBERGER. I would not apprehend any serious difficulty, for the reason that the plant which they would own would be worthless except under Government appropriations and use, and therefore the Government, not being dependent upon that service, would have a hold upon the contracting company which I think would be quite sufficient to secure a reasonable proposition, and if a reasonable proposition were not secured the Government could decline to appropriate for new contracts and choose an optional service. I can not think that the Government will ever be in a position where it will find it difficult to secure control, by one means or another, of any plant.

Mr. FINLEY. As I understand it, your position is, then, about this way: That you are in favor of advocating such a change in the law as will enable the Government in the future, whenever it gets ready, to take over the service from these private companies, and that you are unwilling for the Government to make a test at any one point in the matter of Government ownership?

Mr. SHALLENBERGER. I would qualify that a little by saying that I am not unwilling, but that I should be entirely free to exercise the discretion if Congress should desire it.

Mr. SNAPP. I understand, then, your position to be about this: You recommend that the term be extended for ten years in order that the Government may obtain more advantageous bids, and provide in the contract that it may be terminated at the end of any four-year contract or at the end of any year after the expiration of a four-year contract on one year's notice, and in order that the Government may use that right to coerce those companies into fixing what the Government considers a reasonable price for the sale of their different plants. Is that about right?

Mr. SHALLENBERGER. I have not intimated the use of the word "coerce" in connection with anything that I have said.

Mr. SNAPP. I am making that construction, but am I not stating your meaning?

Mr. SHALLENBERGER. You have not gotten my meaning, if you should include the word "coerce." We would be entirely free.

Mr. SNAPP. If I substituted the word "persuade," would it then convey your idea?

Mr. SHALLENBERGER. My idea would be that the Government in making a ten-year contract, subject to that condition, would include the possibility of acquirement by the Government at the end of four years, having reached a conclusion that its interests would lie in the purchase of the tubes rather than the continuance of the contract, notice having been given by advertisement before the contract was signed to that effect.

Mr. SNAPP. You have not answered my question.

Mr. SHALLENBERGER. Then will you please restate the question?

Mr. SNAPP. Is it your idea, Mr. Shallenberger, that after having made this ten-year contract and reserving the right to the Government to terminate it at the end of any one year after the expiration of the fourth year, that the right reserved to the Government in that way would tend to persuade or induce these companies to fix such a price on their plants as the Government might think reasonable?

Mr. SHALLENBERGER. I think it would; I think that would be the effect.

The CHAIRMAN. Is there not another motive for that option, Mr. Shallenberger, to enable the Government to take hold of any new appliances or inventions which might arise during the period than to avoid the necessity of compelling the Government to continue a ten-year contract when such devices, perhaps more economical devices, had been discovered? Is not that one of the elements? I do not mean to say that it is the controlling element, but is it not one of the elements?

Mr. SHALLENBERGER. That is one of the several elements, an important element, I should say, in connection with what I have just stated. In other words, the Government would then have the privilege of continuing the contract without advertisement for ten years if all conditions favored. If conditions did not favor, that, if the perfection of the system and the expiration of patents and other possible considerations induced the Government to feel that it would be better to purchase the entire system rather than to continue at the fixed rate of expenditure, the Government would have that power. If, on the other hand, we were to reach the conclusion at the end of the four-year period that the entire business of the pneumatic-tube service had been superseded by something else, we might desire to give notice of that fact, and we could do it. It would leave the Government in the position of full and free information and free to act upon it, which otherwise we would not be able to do. If the companies then, recognizing the fact that the Government was in doubt as to the continuance of the service at all, would say that such a condition involves their plants, which are valuable, and they should make a tender to the Government of the whole thing rather than lose what they have, the Government would be able to accept the tender on a reasonable compensation, or even a low compensation.

Mr. SNAPP. The Postmaster-General, in his report, on page 52, speaks of the impossibility of securing adequate competition. Have you any reason to believe that during the next four-year period there may be adequate competition in case the Government sees fit to terminate any of these contracts?

Mr. SHALLENBERGER. We will at least have four years in which competition might assert itself without any intimation on the part of the Government that it desired to own the system.

Mr. SNAPP. If Congress should not see fit to give to the Department the right to reserve an option of purchase, do you still recommend that the right be given to enter into a ten-year contract, with the right to terminate the contract at the end of any year after the expiration of the four-year period?

Mr. SHALLENBERGER. I so testified.

Mr. FINLEY. I would like to know, General, if you think that with

a ten-year limitation lower rates can be obtained from the tube companies?

Mr. SHALLENBERGER. I think so.

Mr. FINLEY. How much lower?

Mr. SHALLENBERGER. I can not say. I stated that as a business principle based upon the information I have been able to receive from all those who are considering the question of purchasing bonds. The universal objection to a contract that involves bonds to the extent that this service does meets with the objection on the part of capital that they can not consider anything which is subject to the risk of termination in four years.

Mr. FINLEY. Could you secure any data giving light on that subject for the committee?

Mr. SHALLENBERGER. We could secure probably a volume of testimony—

Mr. FINLEY. I do not mean that, but in answer to the question as to how much lower rates could be obtained.

Mr. SHALLENBERGER. Oh, no; I could not, because this is open to competition, and I only cite the practice of the Department in recent years in extending its leases of postal stations in cities from four years to ten years for that reason and the entire satisfaction with which it has been enabled to secure leases since that time.

Mr. SNAPP. Do you believe that the Government would obtain any more advantageous bids under a ten-year contract if it should require the insertion in the contract of a clause terminating the contract at the end of any four-year period?

Mr. SHALLENBERGER. I am inclined to think that somewhat lower and better bids could be received without that proviso on a straight ten-year contract, but I am inclined to think also that the risk is a little greater than the Government need assume, that we ought not to eliminate this proviso for the termination of the contract at the end of five years under such conditions.

The CHAIRMAN. What is the practice of the Government generally in relation to ten-year leases for post-office buildings in reference to the option of terminating these leases?

Mr. SHALLENBERGER. I think they are straight ten-year leases.

The CHAIRMAN. My impression is that the Government has the right to terminate the lease under some conditions, but I am not familiar with what those conditions are.

Mr. SHALLENBERGER. It does not come under my Bureau, and I can not answer it fully.

The CHAIRMAN. I think perhaps something less than a year's notice, but I don't believe it requires that much notice.

The next item is for regulation, screen, or other wagon service, \$1,227,000, the present appropriation being \$1,120,000.

Mr. STONE. That is an increase of \$107,000, or 9.55 per cent. The principal item of increase for the next fiscal year will be the reletting of all the contracts of this nature in what we call the fourth-contract section, which includes all of the service west of the Mississippi except three States. That covers 54 of the more important cities in that section. The mileage in this section has very largely increased since the letting of four years ago. The last advertisement, which was the next contract term, provides for 118,000 miles of annual travel more than the letting of four years ago. We have estimated that as the

result of this reletting of contracts the cost per mile will be increased from the present rate of about 24 cents to 26 cents and a fraction—that is, we have added about 20 per cent. We have opened the bids under that advertisement, and we have awarded the contracts on 33 out of 51 routes. Those contracts have been awarded at 26.96 cents per mile traveled, leaving 21 routes which have not yet been awarded. That leads me to think that our estimate of a 20 per cent increase will be just about right.

The CHAIRMAN. In connection with this appropriation I think there is a recommendation both from your office and from the office of the Postmaster-General relative to an appropriation for experimental service in the ownership of some wagons. I would be glad to have you explain the recommendation at this point.

Mr. SHALLENBERGER. At this point I desire to offer an amendment, as follows:

For regulation, screen, or other wagon service, \$1,227,000: *Provided*, That the Postmaster-General may expend, in his discretion, not exceeding \$100,000 in the purchase of wagons and the hire of competent drivers and horses and harness and their employment in an experimental service by the Government in some one of the cities where wagon service is now under contract.

In support of that amendment I will first read what the Postmaster-General has to say:

The magnitude of the wagon service necessary for the proper handling of mails in great cities has produced a situation in recent years which threatens serious interruption of the service at times and under conditions which render the Department well-nigh powerless to command adequate temporary service, except at exorbitant rates. The fact that the wagons suitable for the service must be of special design, protected by screens and locks, and otherwise prepared for an exclusive service, renders it necessary to give several months' notice for their construction. Again, the life of a well-built wagon is said to be at least fifteen years, and often twenty years if kept in good repair. The risk of having the wagons go out of service at the close of a four-year period increases the cost of contract service. At the same time ownership of a large number of good wagons by a contractor who fails to secure a renewal of the four-year contract enables him to enter into arrangements, under cover, with the successful bidder, which may give the contractor the use of the wagons without full control of them. The magnitude of the service and the exacting conditions which govern it render it extremely difficult to secure a satisfactory bidder under a four-year contract—one who can give the sufficient guaranties required and possess the force of character and administrative ability essential to efficient supervision. Government ownership of wagons seems worthy of a fair trial in one or more of the great cities. The horses and harness may be promptly obtained from a number of bidders at short notice, and hence need not be owned by the Government. Competent drivers also could be readily enrolled as Government employees, at a fixed salary, each charged with the care of his team, under the supervision of an officer of the service. The wagons would be standard and available for use in more than one city, and contracts could be made for stabling, storage, and repairs.

In addition, I would say that the wagons would necessarily be of standard make, and transferred from city to city as the exigencies of the service demanded.

The CHAIRMAN. What results do you hope to accomplish from such an experiment?

Mr. SHALLENBERGER. I think I will be able to show that the wagon service in large cities can be much more efficiently maintained than at present, and at less cost ultimately to the General Government. I think it can be quite easily shown that, the life of a wagon being from fifteen to twenty years, bidders necessarily estimate the risk

very high when they are bidding for the service, fearing at the end of the four-year period some other bidder, without sufficient knowledge of the situation, may put in a lower bid and secure that contract, giving bond of a surety company, and thus be in a position to give the guaranties to the Department that are required under the law and secure the contracts.

Then it becomes a question of traffic between himself and the new contractor as to what shall become of these wagons which have been built in a very slipshod manner and with a view to disclosing their imperfections and ruling them out of the service at the end of the four-year period; but if they are built substantially and properly, they are more thoroughly efficient and must be either sold at a nominal figure to the new contractor or held under lease to the new contractor, so that the new contractor has not full control of them, and the Government suffers for the reason that if it becomes unprofitable he is in danger of throwing up his contract and requiring the Government to enter into a temporary contract for temporary service, as was the case in New York City a couple of years ago, when a little before the 1st of July the Department was notified that the contractor would be unable to continue the service—his bondsmen being unable—and he was notified that they would be held for it, and that if temporary service had to be employed at that date it would be at his cost and expense or at the expense of the bondsmen. It developed when the 1st of July came that the wagons being in such number and of such construction that they could not be duplicated in the city of New York, and the service being so large that no transportation company would desire to come in as a successful bidder for temporary service, it was impossible for the Department to secure service at all except by excessive cost for temporary service, so we were required and compelled to pay it.

We understood, of course, at the time that the bondsmen would be finally held at the expiration of some time for the difference. That is one of the reasons why the Department feels that it should control to a greater extent than it is able to do at present service of that character. We do not invite the ownership of any facilities which can be just as well owned and controlled by private individuals and corporations; we indeed prefer not to touch the subject of Government ownership when it is possible to eliminate it from successful administration. In other words, we prefer to invite competition with private capital to the fullest possible extent; hence I would advise the ownership of the wagons only, and, in addition to that, the control of the drivers absolutely, and not allow those drivers to be subject to a contractor as he may determine. We can secure without any difficulty as well as he can the driver, and we can secure the wagon as well as he can, and without the risk of having to terminate the service at the end of four years. We can go into the open market at any time under a notice of failure on their part and secure horses and harness, single or by the hundred, so that the Government will then be in a position, I think, to contract for the stabling of the wagons under the care of the driver, and bid in the open market for the horses and harness to the extent that would give full control of the service and much more efficient control of the drivers than we have been able to secure, as they will be responsible directly to the Government rather than to the contractor, and as they can be used at odd hours in the

service of the Government instead of being idle at railway stations or at the city post-office, we would control their full time. In other words, in the interest of the Government they are either driving the wagon, unloading it, or transferring mail from the platform to the wagon or from platform to platform.

I have looked at it in its various features and have concluded that an allowance of \$100,000 out of this appropriation can be wisely expended in some one city—I have not thought it wise to name the city, but would not hesitate to do so if the committee so desired—but I have to say that I have in mind a city in which I have investigated conditions to some extent, and believe that I could safely exercise a discretion if vested in the Department.

Mr. HEDGE. This \$100,000 is included in this \$1,227,000.

Mr. SHALLENBERGER. It is included in it. I have not thought it necessary to ask the additional appropriation.

The CHAIRMAN. General, what is the custom in other countries with reference to this feature of the service?

Mr. SHALLENBERGER. Well, I am not prepared to say definitely. In Berlin, where I saw the service under perhaps the most favorable conditions, the Government owns not only the wagons, but the horses and the harness and everything, and controls the entire situation. In London, I think, they have been putting off their contracts, as we have been, with the exception that they perhaps employ an additional guard for the wagons in the service of the Government. And they possibly require a little different character of service, but I do not think that in London the wagons are owned by the department. In France, I think, they own the wagons.

The CHAIRMAN. What do you know about the foreign cost of the service, say, in Berlin, with an equal service in our country under the contract system?

Mr. SHALLENBERGER. Well, I did not go into that question. I tried to do it when I was over there in the interest of the railway transportation pay, but I found it almost impossible to compare the two services and get any reliable estimate of costs. My report for 1898 refers to that subject.

Mr. MURDOCK. To what extent do contractors in this service fail, and the surety company then perform the service?

Mr. SHALLENBERGER. I will have to ask Mr. Crew to answer that, as the service comes directly under his charge.

Mr. CREW. I could not give a comparative statement at present, but I know that we have had several cases of that kind.

Mr. MURDOCK. Merely several, not general.

Mr. STONE. It is a small percentage; not general.

Mr. SHALLENBERGER. It is only in great cities that we would have this particular trouble, where the large number of wagons makes it extremely difficult to duplicate the service or put on temporary service in lieu of the contract service.

Mr. STAFFORD. With the Government owning the wagons, would there not be larger competition from owners of respective livery stables, because they would be able, by reason of their regular stock on hand, to supply what is necessary in that department?

Mr. SHALLENBERGER. That was my impression when I made my recommendations in this report. I had a pretty full conversation with the present postmaster at Chicago, who has been a very large

operator with horses and harness in the coal business for many years, and he says that that would undoubtedly be the result, that we would be able to secure larger competition for that kind of service under contract.

Mr. STAFFORD. Have you any knowledge of the practice in large cities which is adopted by department store owners with respect to owning their wagons and opening competition by the livery stables?

Mr. SHALLENBERGER. I have not any special information on that subject.

The CHAIRMAN. My impression, with a slight personal observation, is that that is true. I know that is a practice in my home city.

Mr. STAFFORD. It is the practice in my home city, and in Chicago, and in other places.

Mr. MOON. Did you say, General, that you favored the ownership of the wagons, the horses, and the harness?

Mr. SHALLENBERGER. Only the wagons; only the Government ownership of wagons, and the control of the drivers by their enlistment in the Government service.

Mr. MOON. This is one of the facilities for transporting and carrying the mails. What is the objection to Government ownership of postal cars?

Mr. SHALLENBERGER. Well, the objection in reference to the repair of postal cars would be one thing. We would be at the mercy of the railroads or of the car construction companies, and, of course, at the same time under obligation to the railroads for the trackage necessary to move the postal cars in sending them to the repair shops. The difficulty of estimating the possible cost of handling these postal cars will be so much greater than the difficulty of repairing wagons, in a dozen or a hundred different places, that I have not as yet felt that the Government would be advantaged by the ownership of the postal cars. It is an open question, of course, and one which is subject to careful consideration.

Mr. MOON. You spoke, Mr. Stone, of some fifty contracts having been made under this item.

Mr. STONE. Thirty-three having been awarded out of 54 advertised, the remainder still pending.

Mr. MOON. Are the prices larger or less in comparison?

Mr. STONE. Larger. I stated that the average price per mile traveled in this section under the old contract at present is 24 cents per mile traveled, while these that are relet are 26.96 cents.

Mr. MOON. What do you say is the cause of the increase?

Mr. STONE. I have not said anything on that subject. I was simply speaking of the rate per mile. The reason of the increased cost, I apprehend, is the increased cost of horses and labor and feed.

The CHAIRMAN. I wanted to inquire whether the increased service would not have a tendency to increase the rate per mile traveled?

Mr. SHALLENBERGER. As a rule it does.

Mr. STONE. But you will notice the same condition in the star service.

Mr. MOON. Are you contracting with the same persons as a rule?

Mr. STONE. I should say not, but the same persons have the opportunity to bid.

Mr. MOON. All contracts are generally with the same person; or could you give the per cent that are?

Mr. STONE. I could not say what per cent. Some of them are and some of them are not; but I should not say a very large proportion.

Mr. MOON. Are they let on competitive bids?

Mr. STONE. Entirely so, after advertisement for two and one-half months posted in the cities, and in other ways.

Mr. MOON. You could not get any lower bids than you do?

Mr. STONE. We have done the best we could, and in some of these 31 that we have not accepted under the first advertisement we have readvertised for the purpose of getting further competition.

Mr. MOON. You did not get bids as low as you expected?

Mr. STONE. Yes; the lowest bid was a sufficient guaranty for the proper performance of the service.

Mr. MURDOCK. Do any companies, in your opinion, ever induce men to bid for this service?

Mr. STONE. Yes; to a limited extent. I know that there are companies in some cases who keep informed as to the advertisements we issue and the propositions they send out through advertising circulars to those post-offices or to the people living there. As far as we can ascertain the object substantially of those circulars is that they set forth that the surety company stands ready to go as surety upon such bond, and invite applications for such surety service. In that way it induces local men who do not care to ask for personal surety to apply to them.

Mr. HEDGE. Can you give me the total annual travel for the last year?

Mr. STONE. Do you refer to the one contract section which we are reletting?

Mr. HEDGE. Yes, sir.

Mr. STONE. The total annual travel contained in the advertisements of which we spoke is 640,058. That includes this increase of 177,842 miles.

Mr. HEDGE. This is just the contracts that you are reletting?

Mr. STONE. In the fourth contract section.

Mr. HEDGE. Can you give me the total for the whole country?

Mr. STONE. It is in our annual report. The annual travel for all of the service in the United States—the wagon service—is 4,728,130 miles.

The CHAIRMAN. About what is the average cost of moving per mile traveled?

Mr. STONE. On June 30 it was a fraction less than 24 cents per mile traveled.

Mr. SNAPP. Mr. Shallenberger, did I understand that you are in favor of owning the wagons only, and having control of the drivers?

Mr. SHALLENBERGER. That was my statement.

Mr. SNAPP. In what way would you obtain control of the drivers?

Mr. SHALLENBERGER. By having them enlisted in the service the same as collectors in the cities are now in the Government service.

Mr. SNAPP. They would have to get into the service, would they not, through the Civil Service Commission?

Mr. SHALLENBERGER. They would not for the experimental test that we should make.

Mr. SNAPP. Then the drivers would be added to the classified service?

Mr. SHALLENBERGER. They would probably be regarded as skilled laborers.

Mr. SNAPP. What bureau would they belong to?

Mr. SHALLENBERGER. Any bureau would call for them from the Civil Service Commission specifically, specifying the character of men desired.

Mr. SNAPP. No; I mean while they are in the service of the Government, as you have indicated, in driving these Government wagons, under what branch of the postal Department would they be?

Mr. SHALLENBERGER. They would be, as I say, under that bureau of the postal Department which would have charge of the service in which they were engaged.

The CHAIRMAN. The Second Assistant Postmaster-General.

Mr. SHALLENBERGER. The Second Assistant Postmaster-General at present, but that is subject to change at the discretion of the Postmaster-General.

Mr. SNAPP. That is what I wanted to find out.

Mr. STAFFORD. With the Government owing these wagons, you do not contemplate undertaking the building of them, or having a factory to repair them and keep them in condition. I suppose you would follow the same practice as the large department stores in cities in having them contracted for by large wagon manufacturers and having them repaired in the different localities?

Mr. SHALLENBERGER. They would be purchased in the open market after advertisement through the purchasing agent of the Department, just as all other supplies are purchased.

Mr. STAFFORD. They would be kept in repair in the manner used by department stores in general.

Mr. SHALLENBERGER. They are now built according to our plans and specifications in every detail.

Mr. STAFFORD. So I understand.

Mr. SHALLENBERGER. We would simply pursue the practice which we do now through the purchasing agent of the Department. And then as to the care and maintenance of these wagons you are entirely correct; we should simply have them repaired and stabled and cared for by contract.

Mr. FINLEY. On the 30th of September, 1905, the annual rate of expenditure for screened-wagon service was \$1,171,404. Can you tell the number of wagons engaged in this service at that time?

Mr. CREW. We could not without tabulating them and making a new report; we know how many are required at the first contract term, but not at present.

Mr. FINLEY. I did not mean at the present term.

Mr. CREW. We have no statistics to show that.

Mr. FINLEY. At what time have you the reports?

Mr. CREW. In the advertisements we issue we specify the number that we shall require in the service, but there is a provision in the advertisement under which we may require additional wagons whenever they are necessary for the proper performance of the work.

Mr. FINLEY. As I understand it, you have no information as to the number of wagons employed in this service?

Mr. CREW. Not at present; no.

Mr. SHALLENBERGER. We would be able to show from our tables the number required on the 1st day of July of this present year, because in that contract section we determined it; but for last year the number at the beginning of the service only could be shown.

Mr. FINLEY. What number of wagons do your contracts provide for, the maximum and the minimum?

Mr. SHALLENBERGER. Simply the minimum number which is deemed by our expert agent in connection with the postmaster as essential at the beginning of the service.

Mr. FINLEY. The minimum number required by the contract at any given time.

Mr. SHALLENBERGER. The number that we put in our advertisements for any one year.

The CHAIRMAN. Have you any data right now from which you could give the approximate number?

Mr. SHALLENBERGER. I have not here.

Mr. FINLEY. Have you any in the Department?

Mr. SHALLENBERGER. We have in the Department. Every advertisement contains the number required.

Mr. FINLEY. Then you can give the minimum number of wagons employed in the service?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. What date?

Mr. SHALLENBERGER. At the particular date?

Mr. FINLEY. September 30?. Would any other date be more convenient?

Mr. SHALLENBERGER. I should say July 1.

Mr. FINLEY. Well, say July 1 last?

Mr. SHALLENBERGER. For each section?

The CHAIRMAN. Could you furnish the committee with a statement of the minimum number of wagons under contract on the 1st day of last July?

Mr. CREW. I can do that.

Mr. FINLEY. We would also like to have the maximum number.

Mr. STONE. We have no maximum number. Contractors are required to furnish as many more as may be necessary to operate the service.

Mr. CREW. That varies from day to day.

Mr. FINLEY. Then, as I understand it, it would be impracticable for you to give the cost under contract for each wagon in the service?

Mr. SHALLENBERGER. It would. We have to estimate the cost of each different wagon, the different sizes.

Mr. FINLEY. Can you give that?

Mr. CREW. I can state it approximately only. The number 3 wagon will run from \$125 to \$175. The number 2 wagon will run from \$200 to \$240 per wagon, and the number 1 wagon will run from \$350 to \$450, according to the figures that we have given to us.

Mr. FINLEY. Where are these wagons manufactured?

Mr. CREW. Any first-class manufacturer can make them.

Mr. SHALLENBERGER. There are a dozen different manufacturers in the United States probably engaged in the manufacture of wagons now in the service. Walker & Co., of Philadelphia, are one of the largest individual manufacturers; but there are manufacturers in every large city.

Mr. FINLEY. Then the average number of horses; are they provided for in the contract, or the minimum number?

Mr. SHALLENBERGER. No.

Mr. FINLEY. Then you have no information that will enable you to give the number of horses employed in this service?

Mr. SHALLENBERGER. Except by inference. The wagons are either two-horse or one-horse wagons.

Mr. FINLEY. Can you answer as to the cost of keep for a horse in a year, the average cost?

Mr. SHALLENBERGER. I have no information at present.

Mr. FINLEY. Have you the information as to the average cost of repair to each wagon?

Mr. SHALLENBERGER. No; I think that has not been included in our information.

Mr. FINLEY. Do you think the Government can employ labor to perform this service as cheaply as contractors can?

Mr. SHALLENBERGER. I think we are able to employ the same character and efficiency of labor at as low figures or lower.

Mr. FINLEY. At as low a rate or lower?

Mr. SHALLENBERGER. As low or lower. Our experience in maintaining the mail-bag repair shop, for instance, and other shops of the Government, would indicate that permanent wage is preferred to an uncertain wage outside.

Mr. FINLEY. As I understand it, General, you only wish to make an experiment here of owning the wagons in some one city to begin with.

Mr. SHALLENBERGER. That is all.

Mr. FINLEY. And you think, with the information that you can give as to the minimum number of wagons required for the service and the cost to the Government, that you will be able to arrive at some conclusion as to whether it will be profitable to the Government to own these wagons?

Mr. SHALLENBERGER. I think the figures that we would secure in the succeeding annual report would be quite satisfactory to the committee in enabling it to judge as to whether it were policy to extend the system or not.

Mr. FINLEY. Under existing conditions there is not a great deal of competition for this screen-wagon service, is there?

Mr. SHALLENBERGER. Not general competition. There is considerable competition between what we are inclined to call speculators, who have had long experience in devising ways and means to minimize the service.

Mr. FINLEY. Isn't it a fact that as conditions are the Government is really paying a high price for this service?

Mr. SHALLENBERGER. No; I think experience would lead me to say that we are paying too low a price, because it was entirely inadequate to the kind of service we must have.

Mr. FINLEY. Now, General, if competition is limited, and there is not a great deal of it, don't you think that if you had more competition the Government would secure lower rates, a decreased cost of service?

Mr. SHALLENBERGER. I do; I believe, as I have said before, with the ownership of the wagon, so as to widen the field of competition for what we contract for, enabling the Government to use the wagons up to the full limit of the service, would enable them eventually to get better service at a lower cost than we can do under contract.

Mr. STAFFORD. And this \$100,000 that you provide for in this suggested amendment; have you contemplated, with respect to the city

that you have in mind to have it adopted, the expenditure of that total amount for wagons alone?

Mr. SHALLENBERGER. No; I would have that total amount cover the point I have made, for the purchase of the wagons and the hire of competent drivers and horses and harness.

Mr. STAFFORD. Can you estimate how much would be required for the purchase of the wagons alone?

Mr. SHALLENBERGER. Roughly, I have estimated that perhaps \$25,000 of the \$100,000 would be required for the purchase of the wagons.

Mr. STAFFORD. And if Congress should vest this authority in you, for what length of period would you enter into a contract for the furnishing of horses and harness to operate these wagons?

Mr. SHALLENBERGER. For one year.

Mr. HEDGE. And the drivers?

Mr. SHALLENBERGER. The drivers, horses, and harness. It is my present idea that, while we would purchase the wagons to be used, we would properly test the hiring of horses and harness and drivers.

Mr. STAFFORD. And need not put them at present under the civil service, or until it was established as to whether it would be more economical for the Government to operate this throughout the country?

Mr. SHALLENBERGER. Until it has passed the experimental stage we would not put them under civil service.

Mr. MOON. While you are experimenting along that line, why not buy a few horses and some harness, say \$20,000 worth, and see what you could do with them?

Mr. SHALLENBERGER. We have been rather afraid to extend the purchase to that of horses after the action of Congress in the last few years.

Mr. MOON. What is the reason?

Mr. SHALLENBERGER. Congress has not seemed inclined to give us, even for our own official use in cities, a horse.

Mr. SNAPP. General, where would you experiment with this new plant?

Mr. SHALLENBERGER. I think, Mr. Chairman, that any answer I could give to that question would be subject to what I have said, and that any reasons I might give would only be in a comparative sense, in case another city should be decided upon.

The CHAIRMAN. What you would seek to do would be to select some city where, in the judgment of the Department, you could best make the experiment.

Mr. SHALLENBERGER. Yes; my effort would be to select a city in which the effort could be made conclusive, in which the experiment would be conclusive, where this amount of money would probably give the Department the opportunity of substituting its own wagons for the entire wagon service of that city; and in connection with that I think it should be one in which we have had the greatest difficulty in securing proper contract service, as related to other service in the city. I should hope in that way to give to Congress a little clearer indication as to just how this service would work as compared with the electric-car service and all other classes of service in the city.

Mr. FINLEY. Chicago has all of the elements you have just mentioned.

Mr. SHALLENBERGER. Chicago as a city is perhaps as well situated as any in the country.

Mr. SNAPP. Am I to understand, Mr. Shallenberger, that you have not any special city in mind?

Mr. SHALLENBERGER. No; you have understood that I have, and, as I have said, if there is no special objection on the part of the committee, I would be quite willing to say that Chicago is that city.

Mr. SNAPP. That is what I wanted to get at.

Mr. MOON. Are you willing to try it now, Mr. Snapp?

Mr. SNAPP. No; I am more than ever opposed to it.

Is it not true, Mr. Shallenberger, that at Chicago there are contracts in effect with the tunnel system which will eliminate all but a small per cent of this wagon service?

Mr. SHALLENBERGER. Those tunnel contracts, if they are effective in the highest degree, will not eliminate more than two-thirds of the fixed wagon service.

Mr. SNAPP. Then the one-third of the wagon service that would still be left in Chicago would be in the outlying districts, would it not?

Mr. SHALLENBERGER. No; the service, as I understand it, in all the city.

Mr. CREW. Downtown as well.

Mr. SHALLENBERGER. All of the downtown districts.

The CHAIRMAN. I would like to ask one question in order that you may explain a little more fully on one point. Do I understand you, from your last answer, Mr. Shallenberger, that you mean that if the tunnel contract at Chicago should take over all of the wagon service which that contract can take over, that it would still leave approximately one-third of the whole field of wagon service uncared for by the tunnel service?

Mr. SHALLENBERGER. That has been our estimate.

The CHAIRMAN. And that your present view is that if we should give the authority to make the experiment that you would simply experiment with that portion of the wagon service at Chicago not taken over by the tunnel service and not in opposition?

Mr. SHALLENBERGER. And not opposition to the tunnel service.

The CHAIRMAN. And in no wise would it interfere with the tunnel service—that part which is at the present time under contemplation?

Mr. SHALLENBERGER. In no way. Our effort will be, of course, to use the tunnel service to the fullest possible limit of its capacity, for the reason that a fixed appropriation is to be made under contract for that service; but in the event that for any reason the tunnel service should fail in any part the full deduction will be made from the payment for that service, and in that event we will be confronted by the necessity of securing temporary wagon service to meet that, so that will be a possible reason why we shall have in the city of Chicago facilities for a flexible wagon service that do not obtain in other cities. Then the conditions in Chicago are different at the city post-office, whereby the use of the wagons to and from the post-office will be different in their use from other cities by reason of the approaches. These and other conditions seem to suggest the propriety of having a wagon service more flexible and more efficient than we have yet been able to secure under contract.

Mr. FINLEY. How is the contractor for the screen-wagon service in Chicago getting along?

Mr. SHALLENBERGER. He failed, as you know, and it is being carried at present by the surety company in a reasonably satisfactory way, but only reasonably satisfactory. I said that it was now being carried by the surety company, but it is actually under a regular subcontract entered into by permission of the Postmaster-General, the original contractor having failed.

Mr. FINLEY. Was he thereupon absolved from liability?

Mr. SHALLENBERGER. Not at all. His sureties were recognized as a subcontractor, and they were required to take up the service.

Mr. FINLEY. At the same rate?

Mr. SHALLENBERGER. At the same rate; and they, under authority of the Post-Office Department, had the subcontractor recognized, who is now proceeding under the law at the same compensation as originally provided.

Mr. SNAPP. You understand, don't you, General, that there is a bill which has already passed the House making appropriation sufficient to remedy the conditions of the wagon approaches to the Chicago post-office?

Mr. SHALLENBERGER. The conditions only so far as they relate to the approaches. The approaches will be different from those in any other post-office building, even when improved.

Mr. MOON. How much do we save in Chicago by the tunnel service—that is, how much is the wagon service reduced by it?

Mr. SHALLENBERGER. The law has defined that it was reduced \$72,600, the original wagon contract being \$106,000.

The CHAIRMAN. The next item is the appropriation for mail bags, cord fasteners, label cases, and labor and material necessary for repairing equipment, and for incidental expenses pertaining thereto, \$375,000. That is an increase of \$25,000. Since that estimate was transmitted there has been transmitted a supplemental estimate asking for a further increase, making the total \$450,000 instead of \$375,000, as originally estimated for. Mr. Shallenberger, you may explain the necessities for this \$100,000 increase.

Mr. SHALLENBERGER. Mr. Chairman, I should like to refer to a letter from the Acting Secretary of the Treasury, Document No. 402, of this session of Congress, which includes a letter from the Postmaster-General, addressed to the Secretary of the Treasury, under date of January 18, 1906.

The letter is as follows:

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., January 18, 1906.

SIR: I desire to amend the estimate previously submitted "for mail bags, cord fasteners, label cases, and labor and material necessary for repairing equipment, and for incidental expenses pertaining thereto," for the fiscal year ending June 30, 1907, so as to read \$450,000, instead of \$375,000, an increase of \$75,000.

The experience of the Department during and immediately prior to the last holiday season demonstrated that the existing supply of mail sacks is insufficient to meet the necessities of the service. Urgent telegraphic requisitions were received almost daily from various large post-offices, and especially from the New York City post-office, for additional sacks, which the Department was unable to furnish as promptly as they were needed. In the effort to do this it became necessary in numerous cases to suspend shipments of sacks by fast freight and send the sacks by mail, thus departing from the policy inaugurated some years ago, in the interest of economy, of shipping sacks in carload lots by fast freight at less expense to the Government than if they were shipped as mail matter.

For many years past the Department has been endeavoring, with considerable success, to induce publishers of newspapers and other periodicals to separate their publications, before mailing, by States, counties, etc., thus relieving the congested conditions of large offices and saving the expense of additional clerical force for handling the mail in the post-offices. A count taken last June shows that in New York City more than 66 per cent of all second-class matter mailed there was fully made up by the publishers so as to require no handling at the post-office, except to receive, weigh, and dispatch in bulk; that nearly 28 per cent was partly made up so as to reduce the handling to one separation, leaving only a little more than 6 per cent to be distributed in the post-office. Similar records are shown in other large post-offices throughout the country. In order to accomplish this, publishers must be furnished promptly with the sacks in which to make these separations, otherwise the publications must be thrown into the post-offices without separation, under conditions which would make it impossible to have them handled promptly and satisfactorily.

The postmaster at New York advises that other commercial and business houses having occasion to mail third and fourth-class matter in large quantities are also requested to make such matter up by States and cities, thus relieving the post-office of making the separation, and that the recent modification of the Postal Laws and Regulations, making it possible to prepay such matter without having postage stamps affixed, will no doubt tend to largely increase the quantity of this separated matter, provided a sufficient number of sacks can be supplied. Urgent letters have been received from the postmaster at New York on this subject within the past two months, in one of which, after setting forth the needs of his office, he says:

"If the equipment asked for will require any larger appropriation I can not urge too strongly that every effort be made to obtain such increase as will overcome the existing deplorable condition."

Very respectfully,

GEO. B. CORTELYOU,
Postmaster-General.

THE SECRETARY OF THE TREASURY.

That letter was prepared in my office and explains, I think, pretty fully the reasons why this additional appropriation is called for.

As a supplementary remark, I think I might say to the committee that perhaps in no other branch of the service has there been as determined an effort to hold down the appropriations in recent years as for this particular service, owing largely to the fact that we had so little storage space for mail equipment that we were forced to keep very light stock on hand. The effect of this has been, during the busy season of the year, and especially during the Christmas holidays, to demand of us a sudden shipment of equipment by telegram to New York and some of the large eastern cities to the extent that we were entirely unable to meet with due regard to efficiency of the service.

Again the facts cited here, that in recent years, notably in the past year, we have been enabled to secure on the part of large shippers of mail a willingness to separate that mail, in their own offices, by States, before it comes to the railway trains or to the post-offices, and that has necessarily increased the aggregate amount of equipment that we must keep in the service. We have, however, a very close individual account with each of these large shippers of mail, so that we know how many sacks they received and whether these sacks are duly returned within a forty-eight-hour period, the time for which we supply them. We keep tab on our equipment in that way, and we have facts and figures to show that this willingness on their part to sort their own mail and keep it in proper shape will ease our post-office clerical force to the extent that very largely increases the amount asked for in this estimate. In other words, it is a matter of clear economy to the Department to have a larger stock of equipment,

in order that we may have the large shippers do the work that has been done heretofore by our postal and post-office clerks.

Mr. SNAPP. Where are these mail bags supplied from?

Mr. SHALLENBERGER. From the contractors and from the Department's mail bag and repair shop here.

Mr. SNAPP. Who are the contractors and where are they located?

Mr. SHALLENBERGER. In different locations. We have in our report a statement showing that. I have retained quite a number of these tables in my report this year, but the question is being discussed now as to whether it is a matter of economy for the Government to include so many tables in its annual report.

Mr. STONE. In the effort to reduce the number of tables the one in regard to contracts was transferred from our report to that of the purchasing agent. I think it appears in his report.

Mr. SHALLENBERGER. If it does not appear there it will be because of this effort that has been made quite recently to eliminate tables from our report. My own impression of that matter is that Congress will have to call upon us for certain tabulations if we eliminate too many of them from our report.

The CHAIRMAN. I think the question of Mr. Snapp is very pertinent, and without having data before you, what is your recollection of where the larger number of these mail bags are made?

Mr. SHALLENBERGER. Lyons, N. Y., at present has the contract, in the name of William Taylor.

The CHAIRMAN. That is, you have but one contract outside of the Government shop here?

Mr. SHALLENBERGER. I think William Taylor now has the contract both for the sacks and the pouches.

Mr. SNAPP. Is that in the first division—the State of New York?

The CHAIRMAN. You do not mean that they make only sacks and pouches for that division?

Mr. SNAPP. Oh, no; I wanted to know where they were made and whether it was in the division in which the railway mail was weighed during this last year.

Mr. STONE. The State of New York was weighed last year.

Mr. SNAPP. The reason I ask is this: In this communication of the Postmaster-General it is said:

In the effort to do this it became necessary in numerous cases to suspend shipment of sacks by fast freight and send the sacks by mail, thus departing from the policy inaugurated some years ago, in the interests of economy, of shipping sacks in carload lots by fast freight at less expense to the Government than if they were shipped as mail matter.

Now, is it not a fact that the shipping of this by freight instead of by mail increased rather than diminished the cost to the Government?

Mr. STONE. We were not shipping them at the time the weighing was going on.

Mr. SNAPP. For the balance of this period, since this weighing went into effect, it would be at a loss to the Government to ship by freight rather than by mail?

Mr. STONE. My impression is that that relates only to the shipment of sacks from the manufacturer. That statement does not apply solely to the manufacturers; it refers to the shipment of these things from that point to our depositories throughout the country—Cincinnati, St. Louis, Boston, and other places.

Mr. SNAPP. Regardless of that fact, would it not result in additional expense to the Government to ship these by fast freight in any period in any division or district after the weighing had taken effect?

Mr. STONE. But the weighing is going on in some division every year.

Mr. SNAPP. I take it that the Government keeps these out of the mail while the weighing is going on.

Mr. SHALLENBERGER. The Government does not interfere with the ordinary trend of mail during the weighing period. The trend of mail is maintained during that period, and we seek to maintain it so—no more or no less.

Mr. SNAPP. After the weighing period shall have passed, the sending of these sacks or any other matter by fast freight, instead of by mail, results in an added expense to the Government rather than a decrease?

Mr. SHALLENBERGER. It does, if your question involves the practice of the Government sending them during the weighing period, and then put them into the mail after that weighing period.

Mr. SNAPP. It does?

Mr. SHALLENBERGER. It does not. If during the weighing period which is on now, this coming spring, we have any carload lots to send, we eliminate them from the mails during the weighing period. What I was referring to was the continual transfer of mail from one city to another, and one dispatch to another. As mail sacks are sent west and emptied, the empty sacks have to come back east to be filled; they have to come back in carload lots from all divisions. Our practice is to eliminate those carload lots, then the Government is saved the difference in cost. I would add that of course the contractor includes as a part of his contract obligation the delivery of this equipment in New York City.

Mr. FINLEY. This work is performed in a shop conducted by the Government?

Mr. SHALLENBERGER. Only the repair.

Mr. FINLEY. I mean the repairs; that is all this testimony refers to?

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. That is where it says "For mail bags, cord fasteners, label cases," etc.?

Mr. SHALLENBERGER. Yes; it covers both the repair and the manufacture of the new equipment.

Mr. FINLEY. Both?

Mr. SHALLENBERGER. Both.

Mr. FINLEY. The repair part is done in the Government shops?

Mr. SHALLENBERGER. It is.

Mr. HEDGE. Entirely?

Mr. SHALLENBERGER. Entirely; the repairs are all conducted in the Government shops.

Mr. FINLEY. Now, at one time this service was performed under contract, was it not?

Mr. SHALLENBERGER. I don't remember. If it was it was before my time.

Mr. FINLEY. So, then, you would be unable to give any comparison of the cost of this service as performed at the present time in a Government shop and when performed under contract?

Mr. SHALLENBERGER. I would not. I would say, however, that the question as to which would be the better has been before the Department in the last eight years and has been investigated perhaps twice, and it is the concurrent testimony of all who have been asked to pass upon it that it is impracticable for the Government to put out to contract the repairs of mail bags; there being such a great variety of repair and such trifling repairs in some cases that it is manifestly in the interest of the Government to do its own repairing at one central shop.

Mr. FINLEY. In reference to the manufacture of mail bags, does that include fasteners, as well, and all equipment?

Mr. SHALLENBERGER. All of the equipment; yes. We have in that shop not only the repair of the mail bags, but the repairs of locks and keys and the custody of the locks and keys, the registering of them, and so forth.

Mr. FINLEY. I was asking in reference to the manufacture of these bags. I understand that these are manufactured by a party in New York.

Mr. SHALLENBERGER. The present contract is held by William Taylor, of Lyons, N. Y.

Mr. FINLEY. To what extent are the fasteners and equipment that go along with the mail sacks in the way of closing them up, and so on, controlled by patents?

Mr. SHALLENBERGER. At the present time we are not paying any royalties whatever on any portion of our equipment.

Mr. FINLEY. Are there any improvements in the way of new patents along this line?

Mr. SHALLENBERGER. There are improvements suggested constantly.

Mr. FINLEY. Are there any of them, in the opinion of the Department, that would add to the economy of the service and cheapen the handling of mail sacks?

Mr. SHALLENBERGER. The question is passed upon by an expert commission appointed by the Postmaster-General periodically, once in four years. The last report passed, I think, upon some 30 different suggested fasteners for mail bags, and the report was in effect that no improvement over our present fastening had been suggested.

Mr. STAFFORD. From this item how much is paid for labor at the repair shop?

Mr. STONE. On page 364 of the annual report you will find the itemized statement.

Mr. STAFFORD. What is the total in the data there given?

Mr. STONE. One hundred and thirty-nine thousand one hundred and fifty dollars for labor.

Mr. STAFFORD. Can you give the amount that was paid from this item for new bags to contractors in the prior fiscal year, or what you estimate would be expended during the present fiscal year?

Mr. STONE. From the data I have I do not think I could answer that offhand.

Mr. SHALLENBERGER. Presumably the same proportions would be maintained.

Mr. STONE. I assume that the labor in the shop next year would be practically the same as the percentage.

Mr. STAFFORD. Has there been much increase in the number of laborers employed in the repair shop?

Mr. SHALLENBERGER. There has been a slight increase in recent years, because the appropriations, you will find, have not been increased very much.

Mr. STAFFORD. What is the average life of a sack or a bag?

Mr. SHALLENBERGER. I think we have no statistics that will be very satisfactory on the subject; it is variously estimated.

Mr. STAFFORD. Do I understand you that Mr. Taylor has the contract not only for the manufacture of the mail bags, but also for the cord fasteners and label cases, as designated in this item?

Mr. SHALLENBERGER. No; those are made in our own shop. What is the difference between a sack and a bag, Mr. Stone?

Mr. STONE. The "bag" is the general definition that covers "pouches" and "sacks," as we use the terms technically. Pouches are those that are used for first-class mail, and sacks are used for second-class matter, newspapers and the like.

Mr. STAFFORD. And the increase that you recommend comes largely, but not entirely, in the purchase of new bags?

Mr. STONE. Including pouches and sacks. We use that general definition.

Mr. FINLEY. General, about what number of mail bags, including sacks and pouches, was furnished by the contractor last year?

Mr. SHALLENBERGER. The figures Mr. Stone will probably have.

Mr. STONE. These are given by different sizes of canvas bags. No. 2, about 11,000; No. 3, 7,475; No. 4, 5,225. Sacks for second, third, and fourth class matter, No. 1, 8,225; No. 2, 10,858. Foreign canvas sacks, 8,850 of No. 1; No. 2, 1,021.

Mr. FINLEY. That table will give the cost also?

Mr. STONE. Yes, sir.

Mr. STAFFORD. Is there any reason why this item should not go under the head of supplies, which is included in our supply item?

Mr. SHALLENBERGER. I would say that the purchasing agent of the Department has now full charge of the advertising and the making of contracts on the requisition of the Second Assistant's office, just as he does for other supplies for the Department.

Mr. STAFFORD. For all of the material that is used in the repair shop?

Mr. SHALLENBERGER. All of the material of every kind. The purchase of new sacks and all is made under the general authority of the purchasing agent.

The CHAIRMAN. Mr. Shallenberger, I will pass to the next item for the appropriation for mail locks and keys, chains, tools, and machinery, and labor and material necessary for repairing same, and incidental expenses pertaining thereto, \$45,000. You ask the same amount that has been appropriated for the last three or four years?

Mr. STONE. Just the same; no change in that.

Mr. STAFFORD. Of this amount that you ask, how much is used for the purchase of locks and keys, chains and tools, and machinery each year, and how much is used for labor and material necessary for repairing the same?

Mr. STONE. All of the locks are made in the lock repair shop. There are no contracts relating to locks.

Mr. STAFFORD. Do you give the amount which is expended for labor?

Mr. STONE. Last year \$35,505.

Mr. STAFFORD. That is the principal item of expenditure?

Mr. STONE. Yes, sir; all of the other items of expenditure may be found on page 362 of the Second Assistant's Annual Report.

The CHAIRMAN. The next item is for the rent of buildings for a mail-bag repair shop and lock-repair shop, and for fuel, gas, watchmen and charwomen, oil and repair of machinery for said shop, \$9,000. That is annual rental.

Mr. SHALLENBERGER. Annual rental.

Mr. STONE. Mr. Chairman, we would like to make a slight change in the phraseology of that item.

The CHAIRMAN. What suggestions have you?

Mr. STONE. After the word "fuel" insert the words "electric-power, light." It will then read: "For rent of building for mail bag and lock repair shop, and for fuel, electric power, light, gas," etc.

The CHAIRMAN. There is no change in amount, simply the additional items?

Mr. STONE. No, sir; the reason of this is that it is contemplated to move the shop into a different building, and we find it will be advantageous to use electric power in running the shop, with no increase in cost.

The CHAIRMAN. The next item is the item for railway mail pay. The appropriation for the current fiscal year was \$40,900,000, and you recommend \$43,250,000, an increase of 5.75 per cent. How do you arrive at that estimate?

Mr. STONE. The principal item of increase will result from the regular quadrennial readjustment of pay in the fourth contract section, the contract section for the railroad service being the same as for the other service in the territory west of the Mississippi River with the exception of three States. That will be based upon the reweighing of the mail, as required by the general statute.

The CHAIRMAN. The increase in this appropriation for 1906 over 1905 was but 3.2 per cent. Why do you ask for 5.75 per cent this year, which is almost double the increase in percentage of last year?

Mr. STONE. In the first place, there is a difference in the different sections that may be weighed. One section is larger than another. In the next place, there is certain to be a deficiency for the current year growing mainly from the fact that when we made the estimate for the current year we estimated that the increase in cost resulting from the readjustment on the new weights to take effect on the 1st of July of this year would be 17 per cent—that is, an increase of 17 per cent as compared with the four years prior. The increase proved to be 19.88 per cent, and that difference represented an increase of \$250,000, in round figures, which will make the expenditure for the current year larger than had previously been estimated. Now, we estimate that the weighing which will occur within this current year, and which will take effect on July 1, 1906, will be an increase of 15 per cent, and that will amount to approximately \$1,631,000.

The CHAIRMAN. Have there been any changes of method of administering this character of service in the past several years?

Mr. SHALLENBERGER. In what respect?

The CHAIRMAN. In any respect.

Mr. SHALLENBERGER. We have in the matter of weighing mails in recent years continued the weighing over a longer period, it being in the discretion of the Postmaster-General to weigh for not less

than thirty successive working days. That has not been deemed sufficiently long to enable the Department to secure a broad enough basis for the adjustment of pay, so many interruptions liable to occur either in the weeks preceding the weighing or following the weighing or at the close of the weighing period that it was deemed best to extend the period. So that in recent years we have continued the weighing from sixty to seventy-five days, perhaps longer; but as this involves quite a considerable increase of expenditure it was deemed best last year to ask the committee to authorize specifically the longer period for weighing of mails, which was done; and now the law operating from the 1st of last July is that the weighing period shall extend not less than ninety days.

And in addition to that the regulations of the Department have within the past year sought to increase the efficiency of the service on all railroads where the frequency did not exceed seven times a week, that apparently being the minimum of service under the law. They have been held to a closer performance of service under the published schedule and have been fined when failures in any one quarter exceeded ten to keep the published schedule within fifteen minutes. Those, I believe, are the only radical changes that have been made within the past year in our policy of administering the service. I may perhaps include one other provision or one other rule of the Department, which was to the effect that whenever the Department shall determine that any particular train is an important train by reason of its connections fines will be imposed for failure to keep the published schedule.

The CHAIRMAN. The exaction of fines in the past has been practically abandoned, has it not?

Mr. SHALLENBERGER. For certain failures, but has been strengthened in regard to certain other failures. It has been abandoned to this extent—that by reason of increased frequency of train service fines for delay in keeping a schedule have been abandoned, the reason being that the necessary competition on other traffic has given to us satisfactory service in that if the arrival of the trains was a little late it did not necessarily delay the mail that day, being succeeded so closely by another train. But if the one train became important, as I have said, by reason of making the only connection possible, or by reason of arriving at a particular hour of the day, then the Department felt justified in imposing a fine for failure.

Mr. HEDGE. The so-called fast mail trains are all subject to fine?

Mr. SHALLENBERGER. The fast mail trains, or special-facility trains, are subject to fines in every case where failure to observe the published schedule of five minutes at any connecting point, and the entire facility pay drops out for that day.

Mr. STAFFORD. When you say "special-facility pay" you are now only speaking of those two instances that have been provided for in the bill; that is, on the Southern Railway, from Washington south, and the railway running from Kansas City to Newton, Kans.?

Mr. SHALLENBERGER. Yes; the Southern line out of Washington running to New Orleans.

Mr. STAFFORD. Do I understand that there are any fines for delaying mail trains on the other kinds of fast mail trains?

Mr. SHALLENBERGER. Yes; as I have said, under conditions named.

Mr. STAFFORD. On all fast mail trains other than these two?

Mr. SHALLENBERGER. On such fast mail trains as in the judgment of the Department are special mail trains, failing to meet a particular connection that is deemed important.

The CHAIRMAN. As a matter of fact, have there been any fines assessed aside from these so-called special-facility lines during the past year?

Mr. SHALLENBERGER. One that I have in mind as specific, but I can not now answer for more, is on the Pennsylvania between Philadelphia—the connection south—and on the lines from Washington to Richmond.

The CHAIRMAN. There have been fines on those two lines?

Mr. SHALLENBERGER. On those two lines, by reason of failure to connect at Richmond with the Chesapeake and Ohio, thereby delaying very important mail to Newport News and Norfolk.

Mr. HEDGE. I don't understand this. You do not mean to say that what you call fast mail trains, such as we have pictures of here on the wall, are subject to fines if they do not make connections?

Mr. SHALLENBERGER. They are not; those trains are not where there is no important connection to make.

Mr. HEDGE. But at connecting points where they fail to make the proper connection are they not still subject to fine?

The CHAIRMAN. Say a failure to make proper connection at Omaha.

Mr. SHALLENBERGER. No; it is subject to it, but not administered. We do not fine those special fast trains that are receiving no compensation for speed.

The CHAIRMAN. General, how do you keep them up to schedule?

Mr. SHALLENBERGER. The necessary competition is all that we depend upon now to keep them up. They feel that they will lose the mail if they do not carry it as well as the competing roads.

The CHAIRMAN. Between Chicago and Omaha there is considerable competition.

Mr. STAFFORD. By what authority did you levy fines on the Pennsylvania road for failure to make connections at Richmond under these requirements?

Mr. STONE. I will have to refer to the postal laws and regulations—to the general statute.

The CHAIRMAN. Not wishing to divert you from that item, but while you are looking that up I will ask you what proportion of the \$120,000 in this item was used during the last fiscal year for freight?

Mr. STONE. Very little over \$100,000.

The CHAIRMAN. Do you find that it is a wise provision and that there is likely to be any increase in the amount of expenditure for that purpose?

Mr. SHALLENBERGER. We deem it a wise provision, and we use it to the fullest possible limit.

Mr. STONE. In answering Mr. Stafford's question as to the authority for fines on the Pennsylvania Railroad at Richmond, I will state that I refer to section 3962 of the Revised Statutes.

The CHAIRMAN. Have you ever considered, Mr. Shallenberger, the propriety of diverting from the fast mail and carrying by freight the bulky part of the second-class mail matter?

Mr. SHALLENBERGER. I have considered it to some extent.

The CHAIRMAN. I merely want to ask you now whether there is any authority of law giving that right—whether, without legislation,

the Government would have the right to divert bulky matter that does not in itself need to be expedited and carry it by slower freight, taking it out of the mail entirely?

Mr. STONE. There is a law on that subject, and I think it is broad enough to cover it.

The CHAIRMAN. That is what I wanted to call your attention to, and see if there had been any consideration of it. I refer to section 1170. It is an old law, and I will read it.

POSTAL LAWS AND REGULATIONS.

SEC. 1170. If the Postmaster-General is unable to contract for carrying the mail on any railway route at a compensation not exceeding the maximum rates herein provided, or for what he may deem a reasonable and fair compensation, he may separate the letter mail from the other mail and contract, either with or without advertising, for carrying such letter mail by horse express or otherwise, at the greatest speed that can reasonably be obtained, and for carrying the other mail in wagons or otherwise, at a slower rate of speed.

That is an old statute, but I wish to inquire what the Department may have considered with reference to that being operative or having been repealed by the general railway-mail law of 1873?

Mr. SHALLENBERGER. I am not thoroughly advised, Mr. Chairman, as to what the construction of the Department has been, because my attention has not been directly given to it; but I am advised by Mr. Crew, who is superintendent of the railway adjustment in the Department, and has been for many years, that it has been construed as being superseded by the act of 1873 so far as compensation is concerned.

The CHAIRMAN. It has been entirely superseded?

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. Section 1181 of the Postal Laws and Regulations, in the same category. It reads as follows:

The Postmaster-General shall in all cases decide upon what trains and in what manner the mail shall be conveyed.

Mr. SHALLENBERGER. That is operative and in force every week.

The CHAIRMAN. Under that statute you would have authority, in your judgment, to take from the fast mails or the regular mail trains bulky second-class matter that would not be necessarily in itself entitled to expedition and carry it by slower methods?

Mr. SHALLENBERGER. We would have discretion to carry it on any train.

The CHAIRMAN. Including freight trains?

Mr. SHALLENBERGER. We have so ruled, but as to whether at a different rate of compensation or not is a question that we have not passed upon.

The CHAIRMAN. To illustrate, there is a regular tariff rate on publications, including stationery, on fast freight lines, the White Star line, say, between New York and Indianapolis. The regular tariff is 47 cents a hundred on a seventy-two-hour schedule, as against a twenty-three-hour schedule by fast mail. Would you, under this regulation that I have just read, feel that you would have authority without additional legislation to require the transmission by that method of freight of bulky matter that did not carry regular news, and when the dates upon which it would be delivered would not be

important, taking it out of the regular mail from New York to Indianapolis? I am speaking now not of your judgment on the expenditure, but would you have authority under the statute?

Mr. SHALLENBERGER. At present I am inclined to think that the Department would have the authority to handle any mail matter in the same way that it is handling its mail equipment—by taking it from the mail proper and handling it on freight trains; but as to whether the Department would be able to enforce its penalties for delay, and insist upon service under the act of 1873 I am in doubt. While I have just said that I am inclined to think so, my attention is called to the fact that we handle equipment under a special statute each year—under special authority—and therefore to attempt to eliminate from the mail any particular class that is now included under the appropriation for mail transportation pay would meet an adverse decision, I think.

Mr. STAFFORD. That is because equipment has not been considered and is not considered mailable matter?

Mr. SHALLENBERGER. Yes, sir.

Mr. STAFFORD. And therefore it is necessary to have a separate appropriation?

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. What I am directing your attention to is simply to your authority to decide upon the transportation of mail, not equipment, upon freight trains at freight rates, and pay for the freight out of the appropriation for railway mail pay.

Mr. SHALLENBERGER. I think not.

The CHAIRMAN. I am directing your attention to the authority.

Mr. SHALLENBERGER. I think it would require special authority.

The CHAIRMAN. Have you ever considered that in line with this regulation?

Mr. SHALLENBERGER. I have never given it careful consideration, but my present impression is that it would require special authority of Congress. The Department does not have it at present.

The CHAIRMAN. What do you think of the expediency of it, if you had the authority?

Mr. SHALLENBERGER. Judging by our experience in handling mail equipment, I should say it would be impracticable.

The CHAIRMAN. On account of delays?

Mr. SHALLENBERGER. Necessary delays, congestion of freight traffic being so great.

The CHAIRMAN. Have you ever considered whether or not it could be changed to express instead of freight, and do you think that you would meet with the same embarrassment of delays in transportation of bulky matter by express rather than by mail?

Mr. SHALLENBERGER. The objection that I just now stated would not apply equally to the handling of such matter by express, and yet I am not prepared, not having gone into the subject fully, to say that we could satisfy the patrons of the mail service by substituting express rates. There is this doubt, however, that arises in that connection, that the Government has the monopoly of carrying only first-class mail, and whenever it is assumed to carry by express second, third, or fourth class mail it would receive only such mail as could be carried at less cost to the patron than he could by his own agree-

ment with the express company have carried, so we would only get in that event the expensive long-haul service.

The CHAIRMAN. Where the post-office is located outside of the 80-rod limit is the distance from the railway station to the office computed in figuring the length of railway mail routes?

Mr. STONE. At intermediate offices, no, sir; only at terminal offices, where the company takes the mail from the post-office to the station.

The CHAIRMAN. That is within the limit of 80 rods?

Mr. STONE. Whether it is within or without, at terminal offices the measurement is taken from the post-office, and the company takes the mail from the post-office.

The CHAIRMAN. The terminals of the postal route?

Mr. STONE. Of the railroad route as we designate them, subject to certain exceptions in large cities where the Government assumes the regular wagon service covering all of the handling of the mail. In that case we do not measure the railway routes from the post-offices, but from the railway station.

The CHAIRMAN. What is the practice with reference to transfer mail—where mail is in transit through a city and is taken from one station to another? Is the distance between the stations computed as a part of the route?

Mr. STONE. It is not.

Mr. SHALLENBERGER. It is not for the reason that we must maintain our wagon service in cities, and we should include all of the service to save the cost of terminal or transfer service on the railroad, and to save the conflict of authority over it where our wagons are doing a part of the service and the railroads are doing another part.

The CHAIRMAN. Do the railways carry the mail from the stations and from the post-offices in all cases to terminals of the railway routes?

Mr. STONE. With those exceptions that I just mentioned.

The CHAIRMAN. That is the only exception?

Mr. STONE. Yes, sir.

The CHAIRMAN. Have you the data there as to the number of offices within the 80-rod limitation?

Mr. STONE. We have no late data on that.

Mr. SNAPP. Have you an estimate?

Mr. SHALLENBERGER. We gave the committee such an estimate in 1899.

The CHAIRMAN. What is the policy of the Department in the routing of mail relative to routing it on the shortest route?

Mr. SHALLENBERGER. We give preference to the shortest route where the proper expedition of the mails can not be improved by the longer route.

The CHAIRMAN. Is it your policy, then, to route mail by what you term the quickest route rather than the shortest?

Mr. SHALLENBERGER. That is the principle of the Department, to route the mail by the most expeditious route.

The CHAIRMAN. Who routes the mail—what official?

Mr. SHALLENBERGER. The General Superintendent of Railway Mail Service.

The CHAIRMAN. He does not do it himself. I mean who are the actual individual officers to engage in the routing of the mail?

Mr. SHALLENBERGER. The division superintendent's office must make

up a scheme for routing the mails, which is well known and published to all the companies interested. That scheme must be approved through the General Superintendent's office, and, of course, all companies are watching very closely the scheme as it relates to themselves. They appeal from the decision of the division superintendent if it is subject to appeal. Whenever a change is made involving the destination of any mail of any quantity it comes to my office on the report of the division superintendent, so that if the diversion is made on his authority, even temporarily, it is but a temporary diversion, and it must be approved through the office of the General Superintendent and my office.

The CHAIRMAN. Have you the data at hand and can you tell me how mail is generally routed between Louisville, Ky., and Chicago?

Mr. SHALLENBERGER. Mr. Grant, representing the General Superintendent, can do that.

Mr. GRANT. It takes different routes, according to the time of day, and the times the trains depart and leave. We use every train between Louisville and Chicago, in order.

The CHAIRMAN. Is it not true, Mr. Grant, that a large part of it is carried by the Big Four, which is both a longer and a slower route?

Mr. GRANT. No, sir.

The CHAIRMAN. What is the practice of the Department relative to the payments where the trains are discontinued after the routes have been established.

Mr. SHALLENBERGER. The practice of the Department is to pay for not less than seven times a week service.

The CHAIRMAN. If a schedule should be changed after the route has been established, and the weighing period has passed, so that there is less than a daily service, is the deduction made?

Mr. SHALLENBERGER. A pro rata deduction is made. We have in recent years sought in every way to avoid the risk of having service reduced from six or seven times a week to three times a week, and have hesitated in establishing service on any given road in connection with star service, which is daily, for that reason; but we have concluded, as there is no warrant of law for compelling the road to even take the service originally, or to continue the service beyond three times a week, and have adjusted ourselves to the situation and have reduced their pay correspondingly, and have at times provided star service for the intermediate days where a daily service was perhaps not required.

The CHAIRMAN. Does it not often occur that a road will start a new train or a new schedule immediately preceding a weighing period, and after the weighing period has passed discontinue the train?

Mr. SHALLENBERGER. It has occurred; I would not say frequently, but very seldom.

The CHAIRMAN. What happens in those cases with reference to pay?

Mr. SHALLENBERGER. In those cases we have the weighing of the mail on that particular train kept separate from all other trains passing over the road, and if that train is withdrawn after the weighing period, and before the next readjustment of pay, the entire value of that train is deducted from the pay.

The CHAIRMAN. For the full four years?

Mr. SHALLENBERGER. For the full four-year period.

Mr. STAFFORD. What months are now used by you in determining the weighing period of the ninety-day limitation?

Mr. SHALLENBERGER. We shall adhere to the period substantially that has been considered for a number of years past, and we will simply begin the mail weighing a little earlier and continue it a little later, in order to cover substantially the same period in the spring or fall, respectively.

Mr. STAFFORD. What dates does that include?

Mr. SHALLENBERGER. It would include the months of February, March, April, and May, as the months within which the weighing will occur.

Mr. STAFFORD. Have you ever had an opinion from the law officer of the Department on the question as to whether you had authority to ship mailable matter by freight? Is it merely your individual opinion as to whether the statute stated by the chairman was not applicable?

Mr. SHALLENBERGER. My individual opinion, without careful reflection even.

Mr. STAFFORD. In the data that is furnished your Department as to the amount of mail carried through the respective weighing periods, have you any information furnished on which you can base an estimate or give an answer as to in what class of the respective grades the amounts carried and the rates therefor is the largest increase of mailable matter?

Mr. SHALLENBERGER. I don't think I could answer that question. I don't think we have any data at present which would enable us to judge as to the percentage of increase in the several classes since the last special weighing of mail.

Mr. STAFFORD. Have you any data to show what percentage of mail matter is carried at the rate of 200 pounds to 500 pounds, which is the lowest class of railway-mail pay?

Mr. SHALLENBERGER. I have no other means of answering that than to perhaps cull it out of the number of routes from our 3,000 routes that are receiving \$42.75 per annum, which is the lowest. The annual report, however—and that is just wherein this table will be intelligent—contains specifically the information that you desire, if you will cull it out—Table 8.

Mr. STAFFORD. Does it contain a table showing the increases in the respective classes for a four-year period at the respective weighing times?

Mr. SHALLENBERGER. As I have just stated, I have no information on that excepting what is in the report.

Mr. STAFFORD. You can not tell whether the large increase in railway-mail pay is at the minimum rate or the maximum, or any of the intervening rates in the graduated scale of pay.

Mr. SHALLENBERGER. I can not. Possibly the wide extension of the railway service may help you somewhat to estimate; in other words, the increase of mileage indicates the smaller routes, and the percentage of increase over previous years would indicate the proportionate increase of that class of mail pay, but it would still not distinguish as between the classes of mail matter.

Mr. STAFFORD. You, or some of your assistants, should know generally how much is the average amount of mail that is carried on

these usual through mail trains for which they receive the lowest rate provided in the schedule.

Mr. STONE. I think there is a misunderstanding between yourself and the General. The General is speaking of classes of mail matter and you are speaking of classes of division of pay.

Mr. STAFFORD. I am seeking to ascertain in what respective grades the pay, according to the amount carried, is the increase for which we pay each year; whether it is in the lowest grade, for which we pay the highest amount, or whether it is in the highest grade, for which we pay the lowest amount.

Mr. SHALLENBERGER. In the highest grade, for which we pay the lowest amount, very decidedly. The increase is largely from New York City as a center, and all roads radiating from New York in the principal highways in the country are carrying mail at the lowest possible cost under the law.

Mr. STAFFORD. How about the railroads radiating from Chicago?

Mr. SHALLENBERGER. The same holds good in Chicago.

Mr. STAFFORD. Those railroads are getting the minimum pay?

Mr. SHALLENBERGER. The minimum pay.

Mr. STAFFORD. Can you estimate as to the total amount of railway pay that is paid for at the minimum rate?

Mr. SHALLENBERGER. I am not inclined to think that we have a table that will give that information.

Mr. STAFFORD. From your knowledge, or the knowledge of your official who has the letting of the contracts, can he or either of you give us roughly the percentage that is carried at the minimum rate of pay?

Mr. SHALLENBERGER. I assume Mr. Crew might be able to do so.

Mr. CREW. We can work it out, but it has not been worked out that I know of, and I would not like to say.

Mr. SHALLENBERGER. We might give the percentage of mail in weight that is carried at the minimum pay.

Mr. STONE. We would have to get it from the details of the 3,000 routes.

Mr. SHALLENBERGER. Yes; we would have to take up the 3,000 routes.

Mr. STAFFORD. Do you think, from your knowledge of the contracts, that it is one-half or one-quarter or greater than those percentages of the total amount carried? I am referring to this lowest price for the carriage of mail.

Mr. SHALLENBERGER. If you will just take the statistical tables and run your eye down over those which are carrying, say, 5,000 pounds of mail or more, you will be able to estimate pretty correctly about what proportion are under 5,000 and what proportion are over.

Mr. STAFFORD. I thought, from the fact that your Department makes the contracts and the official is here, that it would not be hard work for him to give us some rough estimate rather than to make a close examination of the tables.

Mr. SHALLENBERGER. Not having the question suggested at any previous time, we can not give you that information as you want it.

Mr. STAFFORD. What is the average amount of mailable matter that is carried on the through mail trains from New York to Chicago for which the railroad receives the minimum rate of pay?

Mr. GRANT. As far as Buffalo it is 411,000 pounds—from New York to Buffalo.

Mr. STAFFORD. Daily?

Mr. GRANT. The daily average.

Mr. STAFFORD. You don't get the scope of my question. I wish to know the average amount that is carried on each train.

Mr. GRANT. I can not give you that.

Mr. STAFFORD. All these fast mail trains running between New York and Chicago—take the case of the ordinarily made-up train, with four or five R. P. O. cars—what is the average amount of mail in each class, a rough estimate, that is carried on that train?

Mr. GRANT. I should say that train No. 15, leaving New York at 9.30 at night, which is probably the heaviest train, would carry from 100,000 to 120,000 pounds.

Mr. STAFFORD. How many cars is that train composed of?

Mr. GRANT. It differs. Some nights they have six working cars.

Mr. STAFFORD. In one section?

Mr. GRANT. In one train. There are others of course.

The CHAIRMAN. Some of them would have storage cars?

Mr. GRANT. Storage cars, according to the amount of mail.

The CHAIRMAN. You were alluding not only to the full R. P. O. cars, but storage cars as well?

Mr. SHALLENBERGER. He stated six working cars.

Mr. STAFFORD. When you said six working cars did you mean six R. P. O. cars?

Mr. GRANT. Six mail cars altogether carrying mail.

The CHAIRMAN. Including storage cars?

Mr. GRANT. One or two; yes, sir. I have forgotten, because they changed them recently; but No. 15, I think, has five working cars. It differs somewhat in different parts of the run; the number of cars, for instance, is not the same between Cleveland and Chicago as it is between New York and Cleveland; but I think No. 15 leaves New York now with five working cars, and it usually has two or three storage cars besides.

Mr. STAFFORD. What is the average total weight?

Mr. GRANT. It differs very much. It would probably carry double on Thursday what it would carry on Monday or Tuesday.

Mr. STAFFORD. What would be the average for the week, if you can estimate?

Mr. GRANT. I could only give you that roughly.

Mr. STAFFORD. On that train there is dispatched not only first-class matter, but all classes of matter to be assorted on the run as first-class matter?

Mr. GRANT. All classes.

Mr. STAFFORD. What is the minimum amount of mail that is carried on any so-called through mail train that is composed of exclusive mail cars or a combination of mail and express cars?

Mr. GRANT. That is a very hard question to answer. If you will specify some line, I may be able to help you.

Mr. STAFFORD. I would like to have you center your attention on some line which has a full through mail service, and where the amount of mail is not so extraordinarily and abnormally heavy as that leaving New York City on the train you speak of, and ask you what would be the average on that through mail train?

Mr. GRANT. I should say about 10,000 pounds; but that would be a very rough guess, because it varies, as I say, on different days in the week and on different trains.

Mr. STAFFORD. Train No. 15 that you refer to is one of the exceptionally heavy trains. We have other mail trains that are in operation in the country.

Mr. GRANT. It is the heaviest mail train in the United States.

Mr. STAFFORD. What is the average on one of the through mail trains from New York to Chicago?

Mr. GRANT. Sixty or eighty thousand pounds; that is the maximum.

Mr. STAFFORD. You can estimate as to how much of mail is carried on those mail trains which comprise first class and how much of the other mailable classes?

Mr. GRANT. No, sir.

Mr. HEDGE. A good deal of that weight is in the storage car.

Mr. GRANT. When I said sixty to eighty thousand pounds I had in mind the fast mail that we established from New York to Boston for the newspapers. Of course that is high.

Mr. STAFFORD. Refer to another train, and there are several, I believe; two or three other trains besides No. 15 between New York and Chicago. What is the average weight of mail on those full through trains?

Mr. GRANT. Oh, well, I should say a train that carries, say, one 60-foot car, or two, would run anywhere from six to fifteen thousand pounds, possibly up to 20,000 pounds.

Mr. STAFFORD. When you say carrying one 60-foot car, or two, do I understand you that that would be a through mail train?

Mr. GRANT. I would consider all trains that carry mail cars between New York and Chicago through mail trains.

Mr. SHALLENBERGER. I think Mr. Stafford is referring to exclusive mail trains, and therefore I think he has misunderstood your replies.

Mr. GRANT. There are passenger cars on nearly all trains.

Mr. STAFFORD. You have one exclusive mail train. Which one is that?

Mr. GRANT. That is No. 15.

Mr. STAFFORD. Only one section?

Mr. GRANT. That is all.

Mr. STAFFORD. And all the other mail trains, as you describe them, have passenger coaches?

Mr. GRANT. Passenger coaches and sleepers.

Mr. STAFFORD. What is the average mail carried on the through mail trains—exclusive through mail trains—running from Chicago to St. Paul?

Mr. GRANT. I can not give you anything of an average on that. I think there is a postal car on the train leaving Chicago at 6 o'clock. The fast mail used to leave at between 9 and 10, but I would not want to make a guess at it. I think they had three working mail cars.

Mr. STAFFORD. What is the average amount of mail that is carried in the average-sized full railway post-office car on the line between New York and Chicago which has in its train also passenger or sleeping cars?

Mr. GRANT. Well, I should say six or eight thousand pounds.

(Adjourned at 1.30 p. m.)

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Tuesday Morning, January 30, 1906.

STATEMENT OF HON. W. S. SHALLENBERGER, SECOND ASSISTANT POSTMASTER-GENERAL, ACCOMPANIED BY MR. G. F. STONE, CHIEF CLERK; MR. J. H. CREW, SUPERINTENDENT OF RAILWAY ADJUSTMENT; AND MR. ALEXANDER GRANT, ASSISTANT SUPERINTENDENT OF RAILWAY MAIL SERVICE.

Subcommittee called to order at 10.35 a. m.

The CHAIRMAN (Mr. Overstreet). Mr. Shallenberger, there are now four divisions of the country for the weighing of the mail?

Mr. SHALLENBERGER. That is correct.

The CHAIRMAN. Have your territorial or boundary lines of those divisions remained the same for many years?

Mr. SHALLENBERGER. They have during my connection with the Department, at least.

The CHAIRMAN. In which one of the divisions is the largest amount of pay for carrying the mails?

Mr. CREW. The third section.

The CHAIRMAN. Which is that?

Mr. CREW. That comprises Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, and Missouri.

The CHAIRMAN. Can you give the amount paid the railroad companies for the transportation of mails during the last fiscal year, by divisions?

Mr. SHALLENBERGER. Yes, sir.

Mr. CREW. For the first section, comprising all the States from Maine to West Virginia, \$8,583,225 to June 30, 1905. The second section, comprising the States from North Carolina to Kentucky, inclusive, \$4,588,522.57. The third section, comprising the States from Ohio to Missouri, inclusive, \$15,786,348.59. The fourth section, comprising everything west of the Mississippi River, excepting Minnesota, Iowa, and Missouri, \$10,875,495.96, making a total of \$39,833,070.75.

The CHAIRMAN. Have you any data from which you can tell the committee the relative proportions of the several classes of mail transported by the railroads—that is, the first, second, third, and fourth classes of matter?

Mr. CREW. Nothing recent; nothing since our weighing of 1899, which was published in the report.

The CHAIRMAN. Based upon such information as you may have, regardless of the date obtained, have you any estimate which would approximate this information?

Mr. CREW. Not at the present time. We would have to base any estimate we would make on those figures secured in 1899.

The CHAIRMAN. Have you before you any information for the weighing of 1899 from which you could state the relative proportions of the several classes of mail carried, as shown by that weighing?

Mr. CREW. I have not before me, but it could be secured from the report; it is shown in our report of 1900.

Mr. FINDLEY. Do I understand that that information will be furnished to the committee?

The CHAIRMAN. I did not ask for it because I thought it was here. In the several weighings do you keep separate account of the classes of mail by weight, or the total weight?

Mr. CREW. The total weight. We take no account of the classes in connection with fixing the pay.

Mr. SHALLENBERGER. The delay would be so great that it would be impracticable during the weighing period of three months.

The CHAIRMAN. Are any of the furnishings of the railway postal cars furnished by the railroad and accounted as equipment in the railway-mail service?

Mr. SHALLENBERGER. They are not.

The CHAIRMAN. None of it is weighed in the weighing?

Mr. SHALLENBERGER. No part of it weighed during the weighing period.

The CHAIRMAN. But all mail bags and their regular equipment for the service is counted in the weight?

Mr. SHALLENBERGER. That is counted in the weighing.

The CHAIRMAN. Can you state briefly without great detail the principal requirements exacted by the Government of the railroads in the transportation of mails?

Mr. SHALLENBERGER. I can state in considerable detail, and I beg to submit as a part of my remarks a paper prepared in the Office of the Second Assistant Postmaster-General in February, 1905, and submitted in response to a Senate resolution of the 25th of January, by the Postmaster-General. It appears in Senate Document No. 174. It is a statement from the Auditor of the Post-Office Department, giving the amount of pay to railroad companies for the purpose of carrying United States mails each year since 1873, together with a large amount of detailed information as to the effect of the law on the reduction of pay for weights carried, and information as to the several reductions of pay authorized by law; also as to the laws respecting the pay, and the instructions, as well as pay, for postal cars. It is the information which the Department filed in response to this resolution.

The CHAIRMAN. Does that include the general requirements exacted by the Government of the railroads?

Mr. SHALLENBERGER. It does not.

The CHAIRMAN. That is my question.

Mr. SHALLENBERGER. In connection with that, and in more direct answer to your question, I have the copies of the instructions, general and special, which the office of the Second Assistant Postmaster-General issues to the Superintendents of Railway Mail Service, and the Assistant Superintendents in the field, during the period of weighing, which indicate the requirements made upon the railroads at that particular time.

The CHAIRMAN. Does that limit it to the requirements, excepting the weighing? My question is with reference to the plan of transportation, the general requirements. What I mean is: you require the railroads to receive the mail at the cars or at the stations? Do you require them to make the transfer at transfer points? Do you require the railroads to make certain fixed schedules, which you hold control of? Do you require them to do various things with reference to the system of transportation? That is my inquiry.

Mr. SHALLENBERGER. That I shall ask also to include with this, and I will refer to the report of the Commission, the joint commission of the two Houses, presented several years ago, in which my testimony gives that in very good shape. While I am looking for this I will allow Mr. Crew to make a statement in reply to that question.

Mr. CREW. I don't know whether I should undertake to do that without some previous thought. In a general way the railroad companies are required to carry all the mails that are tendered on such trains as the Department desires. They must transmit the mails between post-offices and depots where the post-office is located within eighty rods of the depot, where an agent is employed. Outside of the eighty-rod limit, at intermediate stations, the Department provides for the service. At terminal points generally, as by section 1191 of the Postal Laws and Regulations, the companies are required to carry the mails to and from terminal offices unless the Department has made some other arrangement for that work, and those exceptions are generally in cities where we have the wagon service.

They are also required to provide such facilities as are necessary for the proper care of the mails at railroad depots, and to provide for the transfer of all mails between depots when they are within 80 rods of each other.

Mr. SNAPP. At intermediate points?

Mr. CREW. At all points except where we have wagon service, you might say in general. There may be a few exceptions to that, but only a few. One thing that I might mention is that we have always claimed the right to have trains stop and exchange mails at any point where it was necessary for the proper transportation of the mail service. We have had some question with railroad companies about it, but I believe it is generally accepted now as the rule.

The CHAIRMAN. In a general way, have those requirements been substantially the same for a number of years?

Mr. CREW. Practically the same, excepting as the service grows, the frequency of trains, and the density of the service.

The CHAIRMAN. That is, there are more instances where the same requirement is exacted. But I am alluding now specially to the plan.

Mr. CREW. The general plan has been the same for a number of years.

The CHAIRMAN. How many years, practically, has it been the same?

Mr. CREW. Practically the same since the law of 1873. It has been growing, of course, as the country grows.

The CHAIRMAN. As the business increases it follows that you carry the mails on a larger number of trains. It requires more postal cars, it requires more space, but the general requirements of what the road has to do has been practically the same throughout that time.

Mr. SHALLENBERGER. I think I should be inclined to say that they have been modified and made more rigid from year to year.

The CHAIRMAN. In what respect?

Mr. SHALLENBERGER. Largely in respect to the amount of space that we have demanded of the railroad companies in stations for the use of our transfer clerks, for the use of the terminal machinery of pneumatic tubes, for the use of registry clerks in handling transfers of registered mail, the latter being to some extent an innovation which

they have contested in some cases, but we have held that our authority extended that far.

Then as to the amount of space that they were required to give we have held that we were not permitted to pay for a full railway post-office car, even when the volume of the mail to be carried in that car was too great for it, but have insisted that they provide either a storage car or an apartment car in connection with it, so that when we had finished the separation of the mail in the full car it might be transferred back and forth to the storage car or to the apartment car. That has resulted in minimizing the amount of full railway post-office pay.

The CHAIRMAN. I am referring to the pay exclusive of the railway post-office pay, exclusive of the postal-car pay.

Mr. SHALLENBERGER. I was going to say that we might exclude the R. P. O. pay, but we might include quite a considerable body of mail that should properly be carried in the space not paid for in the postal cars, and relieve the railroad to that extent of furnishing additional space. But as I said in our recent instructions, we have tried to so arrange as that we should pay for only the space that we actually use for separation purposes so far as possible. Then, as I say, in addition we have demanded some valuable space in railroad stations which in former years we did not need, and therefore did not demand. I think, too, that in some other particulars our specific circular of instructions issued in recent years would show that we were securing more service than had been the case in former years.

The CHAIRMAN. To what extent has the practice of the so-called special fast mail trains been increased? Are there a greater number of those so-called fast mail trains than formerly?

Mr. SHALLENBERGER. There are.

The CHAIRMAN. About how many?

Mr. SHALLENBERGER. Well, it would be pretty difficult at the present time to distinguish—

The CHAIRMAN. Are they general or exceptional?

Mr. SHALLENBERGER. They are getting to be general.

The CHAIRMAN. How many fast mail trains are operated exclusively, and when no passenger or express traffic is joined with the mail?

Mr. SHALLENBERGER. That I would not be able to state.

The CHAIRMAN. Are there any instances where the fast-mail train is exclusively for mail without either passenger or express cars attached?

Mr. SHALLENBERGER. One instance was stated yesterday by Mr. Grant, from New York to Buffalo. Have we any more than one on that route, Mr. Grant?

Mr. GRANT. Only one on that route.

The CHAIRMAN. On any other route?

Mr. GRANT. Yes, sir.

The CHAIRMAN. How many?

Mr. GRANT. One between St. Louis and Kansas City on the Missouri Pacific, one between here and Atlanta on the Southern.

Mr. SHALLENBERGER. The last named is a special-facility train. Some of them have express cars.

Mr. FINLEY. Does not train No. 97 carry express cars?

Mr. GRANT. I think not.

The CHAIRMAN. Is there an express or passenger car carried on this train from New York to Buffalo?

Mr. GRANT. Yes; an express car.

The CHAIRMAN. There is no instance, as I understand it, where there is an exclusive mail train.

Mr. GRANT. Yes; St. Louis to Kansas City, and Chicago to Omaha.

The CHAIRMAN. Any express with it?

Mr. GRANT. I think the Burlington train from Chicago to Omaha is an exclusive train.

The CHAIRMAN. Without express or passengers?

Mr. GRANT. That is my understanding. Of course, Mr. Chairman, we do not keep track of that. We simply require them to run on that time, and we understand that they are running passenger and express cars on the train, and there is no prohibition against it.

The CHAIRMAN. I understand. I was trying to ascertain if there was any exclusive fast mail trains without either passenger or express cars.

Mr. GRANT. Those are the only two that I know of.

The CHAIRMAN. St. Louis to Kansas City and Chicago to Omaha?

Mr. GRANT. Yes, sir.

Mr. SHALLENBERGER. May I not suggest, Mr. Chairman, that we may not be able to say that the train is maintained during the entire year without any express cars. We do not make that a point at all. They might for some reason find it to their advantage to send out an express car occasionally on that train, and we would have no record of it; there would be no indication. That is not a point made in our service, and I doubt if we would be able to say that either one of those trains did or did not carry an express car on a particular date.

The CHAIRMAN. Does your office give any attention to the character of mail carried, as to whether the matter is mailable or not?

Mr. SHALLENBERGER. Our duty is to simply accept what is in the mail bag. It is in the jurisdiction of the Third Assistant Postmaster-General to classify mail matter and determine whether matter is properly in the mails. He instructs the postmasters throughout the country to that effect, and his instructions are observed both by the postmasters and by the railway post-office clerks.

The CHAIRMAN. If merchandise above the 4-pound limit were placed in the mail, would it be carried without any complaint on the part of your office, or what would be the result?

Mr. SHALLENBERGER. That mail would probably be refused admission to the mail by the postmasters of the country under instructions.

The CHAIRMAN. What can you tell the committee of the practice of the various departments of the Government in transmitting by mail merchandise in connection with administration of the Department? For example, would a canceling machine for use in a local post-office be properly mailable matter, to be carried without question by your Department?

Mr. SHALLENBERGER. I would say in that regard that the law officer of the Department some years ago rendered an opinion to the effect that post-office supplies of whatever nature were not prohibited admission to the mails, as supplies would be from any other Executive Department, nor as any matter in excess of 4 pounds would be excluded if coming from any other Executive Department. In other

words, that the weight limit did not prevail against the Post-Office Department.

The CHAIRMAN. Would not each one of such articles tend to increase the weight, which weight would become the basis of pay to the railroads?

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. I have in mind the transportation of a heavy canceling machine by registered mail which passed through Indianapolis station, and under the practice which prevails there it had to be carried from the station to the main office and an entry made, then next entry of its outgo, and then carried back to the station and continued on its way. That heavy canceling machine not only added to the weight of the mail for the purposes of pay, but do not contractors for the screen-wagon service in our cities take into account in making their bids the probability of that class of articles being carried by them?

Mr. SHALLENBERGER. I presume they do.

The CHAIRMAN. Then would it not be better administration to require that post-office equipment above the 4-pound limit be carried by freight in place of mail?

Mr. SHALLENBERGER. It would be more economical; but that would be met by the objection on the part of the other bureaus of the Department that the delay would imperil the efficiency of the service in many instances.

The CHAIRMAN. What do you mean by "imperil?"

Mr. SHALLENBERGER. The delay would interfere.

The CHAIRMAN. Do you not mean that the delay would inconvenience?

Mr. SHALLENBERGER. Yes; inconvenience.

The CHAIRMAN. You do not mean to leave the impression that it would "imperil" the service?

Mr. SHALLENBERGER. The efficiency of the service.

The CHAIRMAN. Why the efficiency? Is it necessary in the case of canceling machine to be sent, for instance, from Washington to St. Louis, that they should be transported by fast mail?

Mr. SHALLENBERGER. I think not; in that instance I should say not.

The CHAIRMAN. What instance could you state where you think it would imperil the service?

Mr. SHALLENBERGER. Stamps, for instance.

The CHAIRMAN. Those are not of heavy weight. I am speaking of articles above the 4-pound limit.

Mr. SHALLENBERGER. They go sometimes in large quantities.

The CHAIRMAN. There are depositories for stocks of stamped paper, are there not?

Mr. SHALLENBERGER. I mean metal stamps—not the regular paper stamps; metal stamps which go to a central post-office, for instance, like St. Louis, to be distributed to points where the stock has run low; the order is a rush order, and where they see that it is important to fill at once. The supply division has, I think, declined to permit such matter to be sent by freight, for the reason that it would be impossible, in a country so large as ours, to properly handle post-office supplies if it were understood that they were all to be sent by fast freight. I have myself in recent years brought pressure on

my own office, in increasing from year to year the amount of mail equipment that is transported in that way.

I have had communications with the Third Assistant Postmaster-General increasing, as far as possible, the amount of postal cards and stamped envelopes that can be sent in that way, and I think we have been in conference also with the Division of Supplies; but, as I said yesterday, I have not been successful in getting the thorough satisfaction that was required in having railroad companies handle such supplies with proper celerity.

The CHAIRMAN. A few years ago a calculation was made, I think in 1899, as to what proportion of the weight of mail, as appeared by that weighing, was equipment. What was the result of that inquiry?

Mr. STONE. I can answer that, together with the first question in regard to the per cent of different classes of mail.

The CHAIRMAN. You may answer that at this point.

Mr. STONE. There was a special weighing of the mail throughout the United States for thirty-five consecutive days, from October 3 to November 6, 1899. The information will be found in the Report of the Postmaster-General for 1900. On page 258 of that report will be found the actual weights taken during those thirty-five days for the different classes of mail, and on that basis weights were estimated for an entire year—I can either give you the total amount in pounds, or per cents of different classes.

The CHAIRMAN. I would rather have first the aggregate in pounds, and then the per cents of the different classes.

Mr. STONE. The aggregate of all the mail estimated to be carried for one year was 1,565,666,508 pounds. Of this first class was 6.6 per cent. The second-class mail matter was 25.19 per cent. Second-class free matter 2.09 per cent. Third and fourth class together 9.32 per cent. Government free matter, 6.14 per cent. Equipment, 51.21 per cent, making a total from each on which revenue was derived of 40.57 per cent.

The CHAIRMAN. I wanted to know the per cent of the total of that which was equipment, in order to ask you, General, what comprised equipment.

Mr. SHALLENBERGER. The inclosures of the mail, both sacks and pouches. The large proportion of equipment is due to the great frequency of dispatches between suburban places, for instance, where the great subdivision of mail passing between certain offices in any given twenty-four hours makes it necessary to use a sack or pouch for a very small quantity of mail, the pouch itself weighing sometimes three, four, or five times the amount of actual mail within.

The special weighing having developed that condition of affairs—my trip to Europe in 1898 having first invited my attention to the fact—I at once instituted proceedings to reduce the weight of mail equipment to the lowest obtainable point. Following up that theory we have eliminated almost entirely the old form of closing mail pouches, eliminated the iron staples and heavy leather bags, and are now using what is called the soft head pouch without any staples excepting one, and with a very light leather strap. With that we have reduced the average weight of the mail pouch probably three to four pounds in recent years.

And, further, in order that this equipment might not be so large a proportion of the actual mail matter, we instituted the practice of

shipping between terminal points in carload lots, all the empties, as they are called, our experience having shown that the second and largely the third class mail originates in the East, notably in the city of New York, and its trend westward makes it necessary to accumulate the empties in the western cities and return them East again for repair, and after that for refilling. In returning these empties we have therefore made depositories in the large western cities, and when they accumulate in carload lots we ship them to the eastern cities in that way, excepting in times of great stress, which I alluded to yesterday in my testimony, when it was necessary to ship daily in such amounts as were accumulated, by mail, in order that the eastern cities during the holiday season, for instance, may keep themselves fully supplied.

Now, I am asking an additional appropriation, as you will notice in connection with the mail equipment, in order that we may have a larger amount to store, so that we will not have to make those shipments by mail, but more and more by freight in full carload lots.

Mr. SNAPP. You say that you have reduced the weight 3 or 4 pounds. What are they now?

Mr. SHALLENBERGER. That is shown in our tables; I have made it a point to see that we were kept advised as to the weights of the several pouches.

The CHAIRMAN. In your judgment, is the present rate of pay for railroad transportation equitable, and would a reduction of the present rate be either practicable or wise?

Mr. SHALLENBERGER. It is very difficult for me to say that the present rates of pay are not equitable, because the same methods that were pursued by the joint commission a few years ago to secure information on that subject would be the methods that I should employ in order to reach that conclusion. The testimony that they secured, together with the services of an expert such as Professor Adams, who himself was a student for many years of economic conditions, and who had given several years' time to a special study of this question, would be the testimony that I would most rely upon. It is difficult for me to say that I do not believe the conclusions reached by that commission were sound; and, as I remember, while they failed to agree, they deemed it proper to say that a slight decrease of the mail pay, not exceeding 5 per cent, they felt, was justified. They failed to reach, as a commission, however, that conclusion, hence the recommendation was not made.

Now, as to the equity of the present law, as it touches the transportation pay and the postal-car pay, I will say that if there was to be a revision of the law, I would suggest some changes touching postal-car pay especially. I do not believe that the law could be improved in reference to the present automatic reduction of pay proportionate to the weights carried, unless it be that the limit of 5,000 pounds should be increased, and this sliding scale should continue longer. That is the only point in which I would suggest any possible change in the law in that regard. After a study of eight years I am not inclined to agree with the public statement that we have occasionally seen in the newspapers, that the law is loose in its construction or inequitable and expensive in administration.

I believe that, based as it is both upon weight of mail carried and upon the space necessary for Government control in order to

properly separate the mail, those two features of the law have wisely secured as proper administration as we are likely to have. Hence, with the exceptions I have stated, if asked to revise the law, I should probably not change it except in those two particulars. I would pay for space less than 40 feet, but I would not pay so much for space in excess of 40 feet.

The CHAIRMAN. That is, in the full cars?

Mr. SHALLENBERGER. Where in the full R. P. O. cars we have the exclusive control of space for mail purposes. We pay nothing now until the required 40 feet, which constitutes a full car, is secured. I see no reason why, on such roads as have so great frequency of service, with a limited amount of mail, that they are unable ever to secure a full R. P. O. car, they should be denied any pay whatever for the space necessary to separate the mails. We have one railway system that is continually complaining because it receives no R. P. O. pay at all, and yet it has such frequency of service to suburban points—I refer now to the Long Island Railroad system—that it is necessary to have separating space on almost every train, and but little closed-pouch space. That leads me to think that it would be perhaps more equitable if the law enabled us to pay a fixed amount per linear foot of space actually required for separating purposes.

The CHAIRMAN. You mean in all cars?

Mr. SHALLENBERGER. In all cars, wherever we find it necessary to have exclusive control of the space, and require the company to partition one-half of the baggage car and to properly fit it up with cases just as they would fit up a regular post-office car. It seems to me we should be able to pay for that space proportionate to its amount, just as we do when we have sufficient mail on any one train to justify the full R. P. O. car. We have made some little calculations, and are led to believe that a rate of compensation could be secured easily which would produce the same general results as to the amount of pay that now obtains. It would of course reduce very considerably the amount of pay that a 60-foot postal car receives, because it would average the pay for space for all cars used.

But it is a subject that would have to be very carefully considered, together with the change of the 5,000-pound limit, before I would feel entirely satisfied. I think that the limit of 5,000 pounds was originally suggested because that was supposed to be about the average amount of mail that could be handled in the full railway post-office car with the necessary complement of clerks, cases, and fittings; and that when a railroad was required to duplicate that, it was a duplication of units, each unit costing substantially the same to the company. That, I think, was a wise provision at that time, but in recent years the immense increase in the volume of mail has produced a different condition of things, and it is now necessary to send several storage cars on one train, so that the cost of administration is less to the company than it was when the 5,000-pound unit duplicated made that a satisfactory figure. But, as I say, as to what effect the change in the law would have is something that I have not carefully considered, because I assumed that Congress, in its wisdom, had fully investigated the subject in recent years through the Joint Commission, having as much time as they did and securing as much testimony as they took.

The CHAIRMAN. Mr. Stone, did you find the information that you were trying to get in relation to the pouches?

Mr. STONE. In the Department's report of 1901, at page 334, referring to a new contract that had been made for a lighter mail pouch, we made a comparison between the weight of the old style and the weight of the new style for the several sizes. The No. 2 pouch, old style, weighed 8 pounds and 6 ounces and the new style 6 pounds and three-sevenths of an ounce; the No. 3, old style, weighed 7 pounds 4½ ounces and the new style 5 pounds and 1 ounce; the No. 4, old style, weighed 6 pounds and the new style 4 pounds and 2 ounces; the No. 5, old style, weighed 4 pounds and 7 ounces and the new style 2 pounds and 4 ounces.

Then in the following report for the following year, page 145, we referred to the weights of the old leather pouches, which we discarded as gradually as we could, and made a comparison between the weights of them and our latest-style pouches. Those figures are as follows: The all-leather pouch weighed 11 pounds and the new style of the same size 6 pounds and three-sevenths ounces; the No. 3 of the all-leather pouch weighed 8 pounds and 12 ounces and the new style 5 pounds and 1 ounce; the No. 4 of the all-leather pouch weighed 6 pounds and 12 ounces and the new style 4 pounds and 2 ounces; the No. 5 all-leather pouch weighed 5 pounds and 4 ounces and the new style 2 pounds and 4 and three-fifths ounces.

Mr. SNAPP. Was that due partly to the fact that you made the pouches smaller?

Mr. STONE. Of lighter material. We refer to the soft-head pouch.

Mr. SHALLENBERGER. Lighter material, lighter heads. I would add that in order that we might be relieved from the necessity of carrying all-leather pouches on railroads, we have in recent years discontinued the manufacture of them and are using such as we have in the service on star routes and steamboat routes, and on routes on which the mail is not weighed to determine the compensation. Also, for the reason that on the exposed routes the leather pouches seemed more appropriate than the canvas pouch.

Mr. SNAPP. I notice on page 277 of your report that the recent weighing in the first division on route No. 104025, from Boston, Mass., to Albany, N. Y., the average weight of mail carried for the entire route per day is given at 172,329 pounds, and that the annual rate of pay for transportation was \$392,484.75. Can you inform the committee how much per pound per mile that would be for carrying the mail over that route?

Mr. CREW. We have made no calculation of the pounds per mile.

Mr. SNAPP. You have made no calculation of the number of pounds per mile?

Mr. CREW. No.

Mr. SNAPP. How long would it take to do that? Is that a long operation?

Mr. CREW. We would have to take into consideration the average number of trips. No; it is not a long calculation; it can be done very easily.

Mr. SNAPP. I am curious to know what the rate per pound per mile is in that case. And also in the case of route No. 106004, New York to Boston, on the New York, New Haven and Hartford Road, where

the average weight of mail carried over the entire route per day is 146,253 pounds.

Also in the case of route No. 107011, New York to Buffalo, the average daily weight being 411,000 pounds, as shown on page 249 of the report.

Also the case of route No. 109004, New York to Philadelphia, over the Pennsylvania Railroad, found on page 305 of your report, where the average daily weight is 498,874 pounds.

I ask for the rate per pound for the reason that it has been figured frequently, I think, before this per pound, anyway in the investigation by the Special Commission.

The CHAIRMAN. Was not that per ton?

Mr. SNAPP. No; per pound also.

Mr. STAFFORD. How would you arrive at such a calculation with the figures that are in the table?

Mr. CREW. We would make the calculation with the average number of miles traveled per annum, showing the frequency of mail; the frequency would give the average number of trips per week.

Mr. SNAPP. On page 17 of your report, under the heading "Railroad transportation," I notice that the rate of cost per mile traveled is given at 10.98 cents. Is that per train mile, or per pound mile?

Mr. CREW. Per train mile.

Mr. SNAPP. Under the comparison with previous years, I observe that the decrease in the rate of cost per mile traveled is .99 of 1 per cent. Wherein in your report is shown the rate of cost per mile traveled? I noticed it somewhere, but I can not find it now.

Mr. CREW. Table G, on page 262.

Mr. SNAPP. What is the rate there shown?

Mr. CREW. The rate of cost per mile traveled June 30, 1904, was 11.9 cents. On June 30, 1905, it was 10.98 cents.

Mr. SNAPP. What produced that reduction in the cost per mile traveled?

Mr. CREW. The lower general rate for the higher weight carried, I would say.

Mr. SHALLENBERGER. In that one section, under the readjustment?

Mr. CREW. This covers the whole country.

Mr. SNAPP. That is, the steady increase in the weight of the mail carried gradually reduces the rate per mile?

Mr. CREW. Yes, sir.

The CHAIRMAN. Can you give the rate per ton per mile?

Mr. CREW. We can not; we do not make the calculation.

The CHAIRMAN. That calculation was made by the last Commission, as I understand it, at 14 cents per ton per mile. Am I correct?

Mr. CREW. I think that is about right; but our calculations are on routes. The pay is fixed under the law on routes, and we make our calculations by routes. We do not undertake to make a general calculation.

Mr. SNAPP. On page 18 of your report, under the subheading "Annual increase in cost of railroad transportation and railroad post-office cars combined," from 1880 to 1905, inclusive, the per cent of increase for 1905 is given at 1.97 per cent, the per cent of increase for 1904 being 6.70 per cent. Can you explain why the per cent of increase in 1905 was so much less than that of the previous year, or, say, the three previous years?

Mr. CREW. I would say that it is because of the lighter service in the section section. You remember that we gave the total by sections, and the second section is much the lightest in cost of any section, and that was the section which was readjusted in the fiscal year ended June 30, 1905.

Mr. SNAPP. Is the percentage of increase due to the increase of the amount of mail carried in that section in that year or to a decrease in the amount of mail carried?

Mr. CREW. The fact that there was any increase at all indicates that there was an increase of weight of mails carried, otherwise there could have been none, as I understand it.

Mr. SNAPP. But this is the per cent of increase in the annual rate of expenditure.

Mr. CREW. Yes.

Mr. SNAPP. Which would decrease as the weight of the mail carried increases.

Mr. CREW. This is not in the rate, excepting as it is applied to the total weight paid for railroad transportation, and postal cars also.

Mr. SHALLENBERGER. I think you have failed to get the point that Mr. Crew is trying to make. In this one section that is adjusted it affects the general pay only in that one section. The pay is fixed for four years without change in the other sections, but the section last weighed must be readjusted. That section happened to be the South this year, where there is a much smaller amount of transportation pay involved.

The CHAIRMAN. There is not the great density of mail which results in a decrease of rate.

Mr. SHALLENBERGER. Not being on the highway of travel where the great amount of second-class matter is coming and going, the effect is not so great and the increase is not so marked.

Mr. SNAPP. On page 19 of your report, under the heading of "Railroad mail transportation pay," you use this language: "The most striking feature in postal administration at this time, aside perhaps from the considerable extension and great cost of the rural free-delivery service, is the increasingly large amount paid to railroad companies for transportation of mails."

"Correspondence on file in the Department, as well as frequent references in the public press, indicate that there is a widespread popular belief that this pay is extravagant. This office has given careful attention to this subject for years past, and has instituted comparisons, which show that while there has been no change in statute law relating to the matter, there has been a radical change in the character and amount of service rendered by railroad companies for the compensation paid them."

Would one be justified, from that language, in concluding that you were of the opinion that the amount of compensation to railroads for the transportation of mail is now greater than they ought to receive?

Mr. SHALLENBERGER. I did not so intend it.

Mr. SNAPP. Well, I was at a loss to account for the language used on any other supposition; but I noticed in a statement made by you, I think before a committee of the Senate in 1898, that this question was asked you by Senator Cullom: "From your study of the subject since you came into office, and from your study of the charges on ex-

press lines, and of the cost of transportation of passengers and of mails on fast trains, state to the committee whether or not your conclusion is that the companies are not receiving for the transportation of the mails greater compensation than they ought to receive. Is that your conclusion?" You replied: "That, in the presence of this committee, would be my conclusion, very clearly stated."

"I have not so stated it to any one of the companies, but in the presence of this committee I can state emphatically that I have been surprised to find that the rates allowed under the operation of the present law were less, proportionately, in my judgment, considering cost of service, than the rates of compensation allowed them by express companies or passenger traffic, and in some instances by high-class freight. I affirm that we are getting mail carried in some instances lower than the high-class freight on the same line."

Have your investigations of this matter led you to change in any way this expression of opinion given to the Senate committee, as I have said, in 1898?

Mr. SHALLENBERGER. I was then about one year in office, and I had given my conclusions after such investigation of testimony as I then found available. I will say that in the succeeding years my attention has been given to the subject, and especially since I have followed to some extent, and as carefully as I have been able to do, the testimony before the Joint Commission of Congress. My views have changed to some extent, and I am to-day more in sympathy with the conclusions reached by that Joint Commission than I was at that time.

Mr. SNAPP. Do I understand then, Mr. Shallenberger, that your opinion now is that the compensation to the railways for the transportation of mails is not excessive?

Mr. SHALLENBERGER. I can not say that it is excessive, but I can say that it is greater, in my judgment, than the pay received from express companies and for fast freight. In those particulars I have modified my views very considerably. But when we consider the amount of fast mail service we are now receiving, when we consider the competition between railroad companies in recent years, I am led to believe that we are getting for the present compensation advantages higher than express to an extent I did not then think. We are getting a much larger quantity of high-grade service than we were getting then. We are getting exclusive mail trains, we are getting expedited service, we are reducing the time of transit of mail across the continent twenty-four hours within the last six months.

We are just now about to inaugurate a train from St. Louis to the Southwest cutting off many hours in time. This is increasing the cost of administration to the railways to an extent that justifies me now in saying that while I have modified my views in respect to the relative compensation paid for mail, and for other traffic, I have not yet been able to see that the pay is excessive, considering the character of service we are securing and as compared to other traffic. We are, I think, getting more expensive service performed by railroads, both in reference to transportation and expedition of mail and in the use of their stations for our increasing service. We are getting a higher grade service from them and therefore more expensive service. Just as it costs much more to run a steamer across the Atlantic at 16 knots an hour rather than 14 knots it costs the rail-

road much more to run a mail train at 40 miles an hour than 30 miles an hour.

Mr. SNAPP. Are you able to tell how many miles per annum railway mail clerks traveled in the line of their duty and while not on duty?

Mr. SHALLENBERGER. That would be a detail that I would not have at hand. Possibly Mr. Grant would know something about that.

Mr. GRANT. We have not.

Mr. SNAPP. Can the Post-Office Department or any of its branches inform the committee how many miles are traveled annually by officials of the Department other than the railway mail clerks?

Mr. SHALLENBERGER. I have not that information as yet touching the country at large. I thought of the same question in connection with our work a year or two ago, but I think we have in the Department touching one division of the railway mail service some information on that question, but I am not sure. We issued instructions through my office to the superintendent of railway mail service at New York to secure that information for us on several of the routes under his supervision with a view to informing the Postmaster-General if it were called for, but I have not that information here.

Mr. SNAPP. I understand it to be the policy of the Department to transport the mails by rail on practically all trains, resulting thereby in a division of the volume of mail over each road. Does not that on the whole tend to increase the per cent of mail equipment to the pay of mail?

Mr. SHALLENBERGER. It does.

- Mr. SNAPP. So that the advantage that has been obtained by that reduction in the weight of equipment may be entirely offset by this continued separation of the volume of mail?

Mr. SHALLENBERGER. It is in a measure offset by that, and in order that that practice may not be abused we do not authorize mail to be carried to all points on all trains, but, on the contrary, we restrict the delivery of mails to intermediate points to what is deemed necessary and proper frequency.

But I would have to say that in recent years the great improvement in the mail service by reason of the wide extension of rural delivery, and for other reasons, has developed a demand on the part of very many places for an extra and additional mail, whether it be at the noon hour or some other hour during the day. That does require an additional pouch attached to the general quantity of equipment necessary. It also adds in some cases to the expense of administration, and we safeguard the revenue as far as we can in holding that to a reasonable and proper amount of increase of service.

Mr. SNAPP. I notice on page 21 of your Report of the Railway Mail Service that the annual miles traveled by clerks in cars and on boats is given as 260,210,225 miles. Does it appear anywhere in the report how many miles were traveled in cars?

Mr. GRANT. The total annual mileage is 115,494,311 miles, which is shown on page 4 of the General Superintendent's report. That is the mileage in full in railway post-office cars. Then the mileage of apartment cars, I presume, could be computed. It is 140,967,240 miles.

Mr. SNAPP. Those added together, I understand, will give the annual miles run by crews.

Mr. GRANT. On all steam railroads.

Mr. SNAPP. Is there anything to show in this report the total amount of mileage traveled by all of the crews in full railway post-office cars and on apartment cars?

Mr. GRANT. Those two sums would give it.

Mr. SNAPP. That would be by crews only. A car may consist of a number of men.

Mr. GRANT. Do you mean the individual men?

Mr. SNAPP. By individuals.

Mr. GRANT. We have not that.

Mr. SNAPP. How long would it take to obtain that?

Mr. GRANT. Well, we could get it, of course, but we would have to multiply the annual mileage by the number of men in each crew during the year, and figure it up by parts of years. That would require considerable work.

Mr. SNAPP. And then it would only give the mileage of crews on duty?

Mr. GRANT. By individuals on duty.

Mr. FINLEY. General, I understood you to say a moment ago that there are some changes that you would be in favor of with regard to railway-mail pay, or that you might suggest in the matter of apartment cars or full R. P. O. cars; I am not sure which you mentioned; which was it?

Mr. SHALLENBERGER. In the event that there was to be a change in the law affecting railway-mail pay in the aggregate, I would desire to make some recommendations in regard to pay applicable for space as contrasted with present pay.

Mr. FINLEY. About what are your views in that respect?

Mr. SHALLENBERGER. I say those facts have not been matured sufficiently to give them to the committee. I have simply said that the general trend of my thought was in favor of payment by the linear foot regardless of the size of the apartment, whether it be an apartment or a full car, rather than to restrict payment for space to the full R. P. O. car.

Mr. FINLEY. That would result in a reduction in pay, would it not?

Mr. SHALLENBERGER. It would result in quite a considerable reduction of pay for the R. P. O. cars—the 40, 50, and 60 foot cars—because we would have to pay for space less than 40 feet on small lines—

Mr. FINLEY. In your opinion, about how much less space would be paid for?

Mr. SHALLENBERGER. My investigations and the rate that I had in mind was with the understanding that there would not necessarily be a reduction in the general pay to railway companies having both characters of cars; for instance, lines that had both apartment and R. P. O. cars. It would be apportioned over such cars on such systems so as to produce the same effect substantially as we have now, but it would work equitably toward such systems as were not able, by reason of the great frequency and lighter weight of mail, to have any full R. P. O. cars under the present law.

Mr. FINLEY. As I understand you, in your opinion R. P. O. cars receive a higher pay, comparatively speaking, than do apartment cars? Am I correct?

Mr. SHALLENBERGER. You are correct to this extent, that we pay nothing additional whatever for apartment cars. We simply com-

mand the one-half of a baggage car, allowing the railroad company to use the other half for its express and baggage. Up to the one-half of a car we command it exclusively for our use, to be fitted up with cases and racks.

Mr. FINLEY. On a weight basis?

Mr. SHALLENBERGER. For the weight of mail carried in that, although we could carry three or four or five times as much mail in it.

Mr. FINLEY. But in your opinion service of that character is not compensated for by the Government to the same extent as in full R. P. O. car service; and in the new arrangement that you would make in the event the law was changed you would equalize it?

Mr. SHALLENBERGER. I would try to equalize it.

Mr. FINLEY. Am I correct in understanding that these difficulties of service in apartment cars, where you pay by weight, are that they do not receive as much compensation, comparatively speaking, as the R. P. O. cars receive?

Mr. SHALLENBERGER. That is my opinion.

Mr. FINLEY. Can you give any statement as to about what that equalization would amount to, what per cent?

Mr. SHALLENBERGER. No; I can not give it in that way.

Mr. FINLEY. Would 25 per cent for the railway post-office car service equalize the apartment-car service or weight service, if added—would that equalize matters?

Mr. SHALLENBERGER. I had not thought of that in that way. I had rather thought of that fixed rate per linear foot as being perhaps the most equitable, especially as we have so many sizes of cars.

Mr. FINLEY. From the information that you have, and as far as you have progressed in arriving at a conclusion as to the pay per linear foot being more equitable, and of course being cheaper, about what reduction would be made in the pay?

Mr. SHALLENBERGER. Well, a rate that I had fixed in my mind was 50 cents per linear foot.

Mr. FINLEY. How would that compare with the present pay?

Mr. SHALLENBERGER. That would give to the 60-foot car \$30 instead of \$50.

Mr. FINLEY. Considerably in excess of 25 per cent reduction then.

Mr. SHALLENBERGER. No; considerably less.

Mr. FINLEY. It would be less than 25 per cent reduction?

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Now, a 60-foot car would receive \$30 where they now receive \$50, is that it?

Mr. SHALLENBERGER. Where they now receive \$50.

Mr. FINLEY. I confess I do not understand that.

Mr. SHALLENBERGER. Sixty feet at 50 cents per foot would be \$30.

Mr. FINLEY. And at present they receive what?

Mr. SHALLENBERGER. Fifty dollars, not for the single car, but for the line of cars, that means two full cars in operation daily with one reserve car ready to be put in service when either of the other cars are out. For that line of cars, of course, we would pay per linear foot instead of per car.

Mr. FINLEY. What would that amount to as compared with the scheme that you have in mind?

Mr. SHALLENBERGER. I have said that estimating the cost, if that rule were applied to all apartment-car service, as well as to railway post-office service, substantially the same aggregate of pay would be required.

Mr. FINLEY. I am confining my questions to compensation to railway post-office car service. To what extent would that pay be reduced?

Mr. SHALLENBERGER. Where we have a 50-foot car the pay would be \$25, and where we have a 40-foot car the pay would be \$20 per annum per mile for that line of cars.

Mr. FINLEY. Those same cars at present receive what?

Mr. SHALLENBERGER. Those cars, 40 feet long, now receive \$25 per mile per annum; 50-foot cars receive \$40, and 60-foot cars receive \$50. As I have said, I am a little in doubt as to whether this fully explains, but it would be my best judgment. I have not followed it out. Mr. Crew has had so much more experience in adjusting compensation that I should like to have him say whether he sees a flaw in the statement I have made.

Mr. FINLEY. What I am trying to get at, in the main, is what reduction would result in the full railway post-office car pay?

Mr. SHALLENBERGER. I will ask Mr. Crew to answer that question.

Mr. FINLEY. What percentage of reduction?

Mr. CREW. I don't think that I could reduce it to a percentage; we would have to get the full reports, and tabulate this report as to the apartment-car space that we are now paying for, and make a calculation.

Mr. FINLEY. Fines are imposed on certain important trains, are they not, for failure to make schedule?

Mr. SHALLENBERGER. Fines are imposed for failure to strictly observe schedule on the special facility, and on such trains as in the judgment of the Department are deemed specially important mail trains.

Mr. FINLEY. What trains are those, and where do they operate?

Mr. SHALLENBERGER. I could not give a list of those trains without going to my records. I cited as one instance which came to me—a probable one, the first instance under the new regulation—of the train between Philadelphia and Washington, and Washington and Richmond.

Mr. FINLEY. Well, there are other important trains besides that one.

Mr. SHALLENBERGER. Very few that we regard as of such importance.

Mr. FINLEY. Can you give to the committee a statement showing the number of these trains and the amount of fines imposed for failure to make schedule connections?

Mr. SHALLENBERGER. I presume we could, if I am correct.

Mr. FINLEY. I make that request to save time in the examination.

Mr. SHALLENBERGER. On the supposition that we have other trains; that is the only one that my attention has been specially invited to.

Mr. FINLEY. These important trains are designated by the Department, are they not, and are they not required to come under the same rule as to the schedule promulgated by the Department to be observed?

Mr. SHALLENBERGER. All trains come under the general rule.

Mr. FINLEY. I beg pardon; are not the important trains which you require to make schedule time under the same rule that the special-facility trains are under?

Mr. SHALLENBERGER. They are not.

Mr. FINLEY. In what respect are they different?

Mr. SHALLENBERGER. In the respect that the special-facility trains must keep their published schedule within five minutes or lose the entire facility pay.

Mr. FINLEY. Or lose their entire facility pay?

Mr. SHALLENBERGER. If they fail within five minutes to keep the published schedule.

Mr. FINLEY. That is in the nature of a fine?

Mr. SHALLENBERGER. In the nature of a deduction, in the discretion of the Postmaster-General, of pay for the special facility or a specially rendered service.

Mr. FINLEY. Would there be any pocket difference to the railroads in a deduction?

Mr. SHALLENBERGER. It results in loss to the railroad company.

Mr. FINLEY. And also in the case of a fine?

Mr. SHALLENBERGER. That would result in a loss, but on a different principle.

Mr. FINLEY. There is no pocket difference?

Mr. SHALLENBERGER. It depends upon the extent of the fine. If we held ourselves under our discretion free to impose a fine of that size—

Mr. FINLEY. Isn't it a fact that these important trains, when they fail to make their schedule and you impose a fine, suffer a greater loss than the special-facility line, because the deduction you make from the special-facility trains for failure to make schedule is only the loss of the subsidy or the subsidy pay that is given to them? You don't take anything off of the pay that they receive for carrying the mails generally, do you?

Mr. SHALLENBERGER. No.

Mr. FINLEY. Well, then when you impose a fine upon these important trains, don't you cause them to suffer a greater loss in pay than you would if you simply deducted the special-facility pay from the special-facility train?

Mr. SHALLENBERGER. Not necessarily, because they have the right to change their schedule and make—

Mr. FINLEY. I am speaking of the matter of pay; I am not asking with reference to other matters—simply a matter of pay.

Mr. SHALLENBERGER. I am referring to the loss to the company. The company need not lose the fine; it may reschedule its train at will.

Mr. FINLEY. You have reference to the important trains?

Mr. SHALLENBERGER. To the important trains.

Mr. FINLEY. When they rearrange their schedule, if that schedule does not suit you, and a schedule on another railroad does suit, can you not designate the other railroad for the important train?

Mr. SHALLENBERGER. Yes; we can.

Mr. FINLEY. Have you any instance of that kind?

Mr. SHALLENBERGER. We have an instance in which there is only one railway system reaching a point at a given time.

Mr. FINLEY. I mean where there are two roads between two points

and you have designated one train as the important train on one of the routes, do they ever rearrange their schedule to such an extent that the Department takes away such designation of the important train and gives it to the other route on account of their change of schedule or rearrangement of schedule?

Mr. SHALLENBERGER. I don't think we have had an instance of that kind; it would be a very rare thing for such a contingency to arise.

Mr. FINLEY. I believe that you have stated that you could give the number of these important trains and the amount of fines imposed during the past year.

Mr. SHALLENBERGER. I think so; it is quite a recent decision of the Department. It may be that only that one road thus far is affected by it; I am not prepared to say, and it is an open question.

Mr. FINLEY. The special-facility matter comes on later, but it has been brought into this discussion here, and I shall ask some questions about it.

The CHAIRMAN. To make comparisons it would be pertinent at this place.

Mr. FINLEY. In deductions from this special pay, suppose we take the route from Washington to New Orleans on the Southern Railroad. The Southern owns the line from here to Montgomery, does it not?

Mr. SHALLENBERGER. From here to Atlanta.

Mr. FINLEY. Does it not own the line from here to Montgomery?

Mr. SHALLENBERGER. The line from Atlanta to Montgomery is under the Western Railway of Alabama, I think.

Mr. FINLEY. Simply a different name?

Mr. SHALLENBERGER. That we are not inquiring into particularly.

Mr. FINLEY. I understand; it is the Southern Railway, and so advertised by them.

The CHAIRMAN. The Southern and affiliated lines for purposes of this inquiry.

Mr. FINLEY. For purposes of this inquiry; it is a part of the system. Now, as I understand it, you divide up the line first from here, I believe, to Danville Junction, then to Charlotte, Atlanta, and Montgomery. Now, you only deduct the pay for that day for failure to make schedule time on reaching either of these points. That is true, is it not?

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. And you do not make any other deductions?

The CHAIRMAN. That is, you don't make any deductions from the regular mail pay for carrying the mail; you make no other deduction?

Mr. SHALLENBERGER. No.

Mr. FINLEY. Can you explain to the committee how it is that these important trains do not suffer a greater loss when you impose a fine on them and that fine comes out of their regular pay for carrying the mails?

Mr. SHALLENBERGER. I would say that it is because the instances are exceedingly rare. When we impose the fine that I have been speaking of on a fast-mail train other than the special-facility train it is because they have chosen to publish a schedule which induces us to send special mail by that system rather than by any other, in order that we may connect at a given point with another system, thereby

expediting the mail. Now we say that that is purely voluntary on their part. They may change that schedule; they may extend the time; but we can control it, as we do the special facility.

If they chose to do that the fines must be imposed; for when they have given public notice of the fact that they are going to put on that schedule and connect with certain trains and provide to expedite mail, newspaper and bankers' mail, we say that they ought to keep that going, where if not the results would be serious to the mail service. In only rare instances would that be necessary. We simply announce that principle in order that we may exercise the discretion of the Department over such trains, not that we expect that it will occur in actual practice.

Mr. FINLEY. How much fine do you impose in such a case?

Mr. SHALLENBERGER. We have not the figures, but I will get them for you.

Mr. FINLEY. When you do impose a fine in the rather exceptional and unusual cases on one of these important trains for failure to keep schedule, does that fine not come out of the pocket of the railroad?

Mr. SHALLENBERGER. It does.

Mr. FINLEY. Does it amount to a deduction to that extent from their pay for carrying the mail?

Mr. SHALLENBERGER. It does.

Mr. FINLEY. Well, now, in the case of the special facility trains you make no such deduction for failure to make schedule time, do you?

Mr. SHALLENBERGER. No; nor in a hundred or thousand other trains.

Mr. FINLEY. I understand that; but I am trying to see if you and I can agree that there is a difference in the deduction of special facility pay, and deducting or imposing a fine on an important train for failure to make schedule, a difference to the railroad—a pocket difference.

Mr. SHALLENBERGER. I can not quite clearly understand.

Mr. MOON. Do you mean by that question, Mr. Finley, to say that the train getting the special facility pay gets that in addition to its regular pay?

Mr. FINLEY. Certainly it does.

Mr. MOON. When you take it out of that subsidy pay, that does not affect its regular pay at all, and in the other case it does affect the regular pay.

Mr. FINLEY. That is exactly what I mean.

Mr. SHALLENBERGER. In the one instance we have designated one train as a specially important mail train. We have not designated the special facility train as a specially important mail train, and we would not so designate it if the special facility pay were eliminated entirely; it would not be subject to the fine perhaps for any of such failures, because the conditions are different. Now, we recognize the conditions incident to that special facility pay entirely.

Mr. FINLEY. When you designate an important train, then you divert mail to that train.

Mr. SHALLENBERGER. We do; all mail that we can expedite under the published schedule.

Mr. FINLEY. In the special facility train, do you divert the mail affecting that train?

Mr. SHALLENBERGER. We do.

Mr. FINLEY. In the same way?

Mr. SHALLENBERGER. In the same way. In the one case we supervise and approve a schedule, and in the other case we do not.

Mr. SNAPP. Mr. Finley, I think on page 356 of the Second Assistant's report, Table M, you will find the amount of fines by States.

Mr. FINLEY. That is for special facility trains, is it not?

Mr. SNAPP. I can not tell from this table.

Mr. CREW. That is for all service.

Mr. FINLEY. In the last fiscal year, General, what was the weight of mail matter carried by freight?

Mr. SHALLENBERGER. By fast freight?

Mr. FINLEY. Yes.

Mr. SHALLENBERGER. We have not those figures.

Mr. FINLEY. Can you secure them without a great deal of effort?

Mr. SHALLENBERGER. I think the weights were not kept.

Mr. CREW. We have kept them, but they are not here.

Mr. FINLEY. You can give them, as I understand it, but you simply do not have them here?

Mr. CREW. We can compile those figures from our records.

Mr. FINLEY. And give the amount paid for carrying it, also?

Mr. CREW. Yes; and the routes over which carried. We can give you all the details you may require.

Mr. FINLEY. Are there cases, General, where the distance from the railroad station to the post-office is added to the length of the route? I understand there is some such rule. I will ask you what constitutes a terminal office where the distance is added—the distance from the railroad to the post-office?

Mr. SHALLENBERGER. The end of the mail route as designated by the Department constitutes the terminal office.

Mr. FINLEY. I am trying to get at what constitutes it—what makes it up.

Mr. SHALLENBERGER. The discretion of the Department in stating that certain line as a mail route. It must be a terminal.

The CHAIRMAN. New York to Philadelphia?

Mr. SHALLENBERGER. Yes; New York to Philadelphia.

Mr. FINLEY. That means the Philadelphia post-office, does it?

Mr. SHALLENBERGER. The Philadelphia post-office would be the terminal of that route.

The CHAIRMAN. I asked you yesterday, General, if there were any instances in which the distance from the railway station to the offices was counted as a part of the railway route, and my recollection is that you answered no.

Mr. STONE. I replied that in all cases the distance between the railroad depot and the post-office is measured and included as a part of the route, except in those cities where we had assumed that service.

The CHAIRMAN. I certainly misunderstood you. I would have followed that up more fully if I had understood it in that way at the time.

Mr. FINLEY. Will you give an explanation or illustration showing about how much is added, say, to two or three of those terminal routes? As I understand it, the railroad mileage from New York to Philadelphia is counted from the New York post-office to the Philadelphia post-office.

Mr. SHALLENBERGER. You have misunderstood entirely.

Mr. FINLEY. Then please explain.

Mr. SHALLENBERGER. Mr. Stone has just stated that we considered that the terminal office is the post-office, and is measured in, excepting in such cities as we employ screen-wagon service.

Mr. FINLEY. Do you employ screen-wagon service in Philadelphia?

Mr. SHALLENBERGER. We do.

Mr. FINLEY. Can you name a place where you do not employ it?

Mr. SHALLENBERGER. The city of Denver is perhaps the best illustration in the country, because they have one union depot in the city of Denver and we have no transfer service, and no need for screen-wagon service there, the roads all centering in the union depot, and they can perform the terminal service much cheaper to the Government and under better conditions than we possibly can.

Mr. FINLEY. And at Denver the railroads transfer the mail from the union depot to the post-office?

Mr. SHALLENBERGER. They do.

Mr. FINLEY. What is the distance?

Mr. CREW. About two-thirds of a mile.

Mr. FINLEY. And the distance, about two-thirds of a mile, is added to the mileage of the railroad?

Mr. CREW. It is in that case.

Mr. FINLEY. For how many roads?

Mr. CREW. All the roads centering in the city of Denver.

Mr. FINLEY. And they would receive pay for transporting the mail over that two-thirds of a mile the same as they would for a like distance over any other part of their line?

Mr. CREW. Yes.

Mr. FINLEY. How many of these terminal offices are there?

Mr. SHALLENBERGER. In what sense?

Mr. FINLEY. Like Denver.

Mr. SHALLENBERGER. In the sense of a railroad performing the service?

Mr. FINLEY. Yes; and receiving pay for it.

Mr. SHALLENBERGER. A great majority of the offices—but Mr. Crew can better answer that question.

Mr. CREW. I would say that the great majority of the terminal offices on each of the railroad routes are shown in Table C of our report. Take those in South Carolina—Florence and Charleston. At Charleston we have wagon service, and we do not pay for the terminal there. At Florence we have no wagon service and we do pay it.

Mr. STONE. Table C sets forth about three mail routes, each of which would have two terminal points. The only exceptions would be where we have regulation wagon service, and there are nearly 257 cities which have that.

Mr. FINLEY. Isn't it a fact that a good many of the smaller places are terminal offices; in other words, the size of a town or post-office has nothing to do with its being designated a terminal office?

Mr. SHALLENBERGER. Nothing whatever.

Mr. FINLEY. How about Chester, S. C., or Lancaster?

Mr. CREW. Chester and Lancaster are both terminal offices.

Mr. FINLEY. And the rate of pay in all such cases is based upon the mileage of the railroad, including the distance between the railroad station and the post-office in that town?

Mr. SHALLENBERGER. It is.

Mr. FINLEY. About what does the pay amount to in a year?

Mr. CREW. It would necessitate calculation to ascertain.

Mr. FINLEY. I would like to have, if you can give it, the amount of pay the railroads receive for service of that character in transporting the mails from the railroad stations to the post-office, and on a basis of its being a part of the line of the railroad.

Mr. STONE. That would be an immense task. We would have to examine every one of the 6,000 offices.

Mr. FINLEY. It seems to me an important proposition for the committee to know to what extent this service is carried on, and the amount we pay.

The CHAIRMAN. May I ask, Mr. Finley, why you regard it as important that that detail should be known?

Mr. FINLEY. Is Yorkville, S. C., one of the terminal stations?

Mr. CREW. I don't recall that it is; I think that is an intermediate office.

Mr. SHALLENBERGER. I might say that in the city of Denver they have been importuning us in recent years for screen-wagon service in that city.

Mr. FINLEY. General, is it true that in cases where the Government has a contract for transporting the mails from the railroad station to the post-office that you count that office a terminal office?

Mr. SHALLENBERGER. In other words, do we ever duplicate the pay?

Mr. FINLEY. Yes.

Mr. SHALLENBERGER. We never do.

Mr. FINLEY. Then if you pay for carrying the mails from the railroad station to the post-office you never count that as forming a part of the railroads and include it in the distance of the railroad mileage?

Mr. SHALLENBERGER. We do not.

Mr. FINLEY. I thought as much, and I merely wished to make it plain. In the matter of weights I think that a moment ago I did not quite catch your percentage as to what is included in the weighing of the mail; and I understood you to say that all equipment, that is, simply mail sacks and mail boxes—

Mr. CREW. Mail sacks and locks.

Mr. FINLEY. I did not catch your per cent when you gave it before, about what per cent of the total weight the equipment was.

Mr. SHALLENBERGER. We have the per cent reached in the year 1899 at the special weighing in the month of November, but we have not the percentage of equipment during any of the years since that time.

Mr. FINLEY. At that time it was about 50 per cent?

Mr. SHALLENBERGER. 51 per cent. Since that time by reason of the changes in equipment, and reduction of weights, and so forth, it has been considerably reduced.

Mr. FINLEY. Has there been an increase or decrease in franked matter since the year 1900?

Mr. SHALLENBERGER. I have no reason to think there has been any change. There has been no change in our general law in regard to it.

Mr. FINLEY. If you were to weigh it to-day, would it be the same or more than it was at that time?

Mr. SHALLENBERGER. In bulk much larger, but as to the proportion to the general bulk I can not say that it would be larger.

Mr. FINLEY. That is what I was trying to get at.

The general office keeps an account of all the franked matter sent out during the weighing period, does it not?

Mr. SHALLENBERGER. It has not in recent years kept a tabulated statement of all official matter sent out.

Mr. FINLEY. Isn't it true that you have in your Department an account or a statement showing the amount of franked matter sent out during the weighing period by each Member of Congress? You have that haven't you?

Mr. SHALLENBERGER. I am not sure that we have the matter in such detail, but we have an account showing in detail the amount of matter sent not only during the weighing period, but a little preceding and a little following the weighing period, from Congress, and from the several Executive Departments of the Government.

Mr. FINLEY. Does that not include the Members of Congress?

Mr. SHALLENBERGER. It does.

Mr. FINLEY. Well, now, General, I think that I know—in fact I do know—and I will repeat my question, because I am afraid I did not make it plain before. Are you not able to tell in your office the amount of franked matter sent out by myself during the weighing period? Have you that account?

Mr. SHALLENBERGER. I think we have; I am not sure.

Mr. FINLEY. I know that you have it.

Mr. SHALLENBERGER. I think we have; we kept it in temporary form so that—

Mr. FINLEY. It is in a book.

Mr. SHALLENBERGER. Yes; in a little book.

Mr. FINLEY. I have seen that book.

Mr. SHALLENBERGER. Whether it is a permanent record I do not know. It is for the purpose of enabling us during the weighing period to bring to the attention of any person who is responsible for a condition of matter in the mails—bringing his attention to any abnormal conditions.

Mr. FINLEY. I understand that, and approve of your keeping it. Can you give the committee the amount or weight of franked matter sent out by Members of Congress during the weighing period last year?

Mr. SHALLENBERGER. I think so.

The CHAIRMAN. Mr. Finley, may I ask if you do not intend to make reference to free matter, or are you endeavoring to separate franked matter sent by Members of Congress from franked matter sent by the Departments?

Mr. FINLEY. I am trying to separate it.

The CHAIRMAN. I fail to see the pertinency of it, if that is the only reason. It means an interminable controversy if you are going to interrogate the officials as to each Member of Congress.

Mr. FINLEY. I am not going to do that.

The CHAIRMAN. You gave names.

Mr. FINLEY. Now, Mr. Chairman, you will pardon me, but I gave no names.

The CHAIRMAN. You gave your own.

Mr. FINLEY. Oh, well, I would not call that giving names.

The CHAIRMAN. I only made the suggestion in the interest of saving time. If you wanted to find out the amount of free matter sent

under this particular appropriation it is entirely proper, but if you commence to separate it and ascertain who is sending the different kinds of matter——

Mr. FINLEY. No; I am not doing that.

The CHAIRMAN. It would be an interminable inquiry.

Mr. FINLEY. I think I have the right to call the Second Assistant's attention to the fact. He was not sure there was such an account and I knew there was.

The CHAIRMAN. It seemed to me that a part of that inquiry might be addressed to another part of the bill. It would be best as far as possible to limit our inquiries to the items we are considering.

Mr. FINLEY. The item is the appropriation for carrying the mails, and I am trying to get at——

The CHAIRMAN. I don't see what difference it makes whether the free matter that is carried is from a member of Congress or a Departmental head, nor how we could meet that difficulty.

Mr. FINLEY. If the Chair will indulge me, I will follow that up later. I think my entire question is pertinent.

Mr. SHALLENBERGER. Before leaving this I would like to say that I have not expressed a doubt as to the fact that we keep such records. Those records are kept at my suggestion, but I was not quite sure that we preserved the details leading up to the general object we had in view of securing the amount of frankable matter from Congress and the Executive Departments.

Mr. FINLEY. I would like a statement as to the amount of franked matter during the past year. Of course, I do not ask you for names, I would not do that; I simply want the amount of franked matter sent out by members of Congress, the total of it; not an itemized statement, I do not want that.

Now General, how do you account for this. Beginning with 1898 the per cent of annual increase in cost of railroad transportation and railway post-office cars combined was 2.44 per cent, and the following year, 1899, it was 4.8 per cent. In 1900 it was 4.64 per cent. In 1901 it was 1.92 per cent. In 1902, 3.72 per cent. In 1903 4.84 per cent. In 1904, 6.70 per cent. In 1905, 1.97 per cent. And your estimate for the present year is 5.75 per cent. Now, I would like to have you explain why it is that there is so much difference in the percentage of increase over other years. For instance, take 1905 and compare it with 1904; and take 1903 and compare it with 1902. How do you account for the discrepancy, the great difference, the increased percentage?

Mr. SHALLENBERGER. Mr. Crew answered that question, or attempted to answer it, a few moments ago, and as he is the Superintendent of Railway Adjustment, having the details of all that service, I would like him now to answer the question.

Mr. FINLEY. I would like to hear the answer.

Mr. CREW. I would say that the difference in percentage of the total is gauged by the increase in the several sections. The several sections, as I stated a while ago, vary very largely; for instance, the pay in the Southern section, or the second section, is four and a half million dollars, while the pay in the third section is fifteen millions of dollars. If the percentage of increase in the fifteen-million dollar section is the same as it was in the second section, it makes a larger total percentage of increase.

Mr. FINLEY. But, Mr. Crew, does that explain why every other year the percentage goes up?

Mr. CREW. Because of these cases in which it is weighed every other year. Each section is weighed every four years.

The CHAIRMAN. Was it due to the natural increase in the volume of business, or any other cause?

Mr. CREW. I would say, yes.

The CHAIRMAN. Is that the only element that enters into it?

Mr. SHALLENBERGER. And the difference in volume.

Mr. CREW. The total amount of pay for that particular section.

Mr. FINLEY. Commence with 1898 and take the last eight years; it shows in this table that on every even year, which is the election year, the percentage of increase is high, and the next year, the off year, with no election, the increase in percentage is very low. Will you please explain that? I confess that I am unable to do that.

The CHAIRMAN. Let me ask you whether the depositing of mail by election committees in the fall of the year would have any effect upon the weighings for the basis of pay where these weighings are in the spring?

Mr. CREW. No considerable effect, I would say. It is only a small matter compared with the general trend of mail.

Mr. SHALLENBERGER. But the fact that we weigh in the spring of the year, and do not weigh during the campaign period of the year, justifies me in thinking that the weight of mail would be affected but lightly by the campaign. Again, the fact that the pay is fixed for four years, and the percentage of increase is affected only in one section of the country, leads to the conclusion that no possible increase of volume of mail can affect the pay in the other three-fourths of the country.

Mr. FINLEY. But here we have a condition showing that in election years the percentage of increase is higher, and in off years, when there is no election, the percentage is low. Isn't this true that there are far more public documents and free frankable matter sent out during the election years, which are always on the even years—1898, 1900, 1902, 1904, and 1906—and is not the percentage of free matter, which loads down the mails and increases the cost to the Government, very much larger in the election year than in any other year? I do not mean that mail by political committees—I did not have that in mind—but I mean generally.

Mr. SHALLENBERGER. I think that is true. Generally there is an increase in the volume of that character of matter.

Mr. FINLEY. That matter goes into the mails on election years and is weighed. Does not that account very largely for the increase?

Mr. SHALLENBERGER. It might, and does, as you say, account for some of it. But some of it is to be accounted for by the difference in the volume of mail carried in each of the several divisions of the country, as referred to by Mr. Crew. We would not be able to say just what effect that increase of frankable matter during the campaign year has upon the aggregate compensation.

Mr. STONE. I want to suggest to Mr. Finley that the table does not show that variation every other year. In 1901 the percentage of increase was one and a fraction; the next year three and a fraction; the next year four and fraction, and the next year six and a fraction. That covers the four periods. Then you begin again at the low rate.

Mr. FINLEY. I took your table on page 18 of your report, and added to that your estimated increase for the next fiscal year.

Mr. STONE. I think I explained the necessity for the increase for the next fiscal year on yesterday.

Mr. FINLEY. If you will take your estimate of 5.75 per cent for 1906, an election year, and then compare it with 1905, which was not an election year, of 1.97 per cent, and then take 1904 and compare it with 1905 you will find that my statement is correct.

The CHAIRMAN. Let me ask you to compare 1906 with 1897.

Mr. FINLEY. That is going too far back.

The CHAIRMAN. But 1896 was very much of an election year.

Mr. SNAPP. Compare 1899 with 1900, Mr. Finley.

Mr. FINLEY. Well, 1899 was 4.08 per cent, and 1900 was 4.64 per cent.

Mr. STONE. The first table is the only one affected by the weight.

Mr. FINLEY. The percentage table is the one I am using.

Mr. STONE. I would like to put in the record here an explanation of our estimate for next year. Yesterday I stated that that is partially due to the fact that the last weighing had taken effect July 1, 1905, and was greater than we had estimated by a percentage equivalent to \$250,000; that makes the increase on this current year more than we had expected in that year, and that will affect next year. And secondly we have to include that in our estimate for next year in addition to the growth of the weighing that will take affect next year.

Mr. SNAPP. And this weighing that you speak of, was made in an off year?

Mr. CREW. The high percentages shown in these tables each year apply to the third section which covers Ohio, Indiana, Illinois, and so forth, and do not cover the weights that are sent during any Presidential campaign. It is in the spring of the year that the weights are taken.

The CHAIRMAN. That was my view, that the heavy election mail is in the fall, and could not increase the pay based upon the weighing which is made in the preceding spring.

Mr. FINLEY. Isn't it true that members of Congress commence at the beginning of an election year, and send out more frankable matter that year than the year preceding, when it is not an election year?

Mr. SHALLENBERGER. We have no knowledge of it; members of Congress are more likely to have it.

Mr. FINLEY. Well, I think they know. I was asking about that. I was taking it for granted that you could answer that question without any effort.

Mr. SHALLENBERGER. We have not analyzed the weights with any reference to that at all; it is not a part of our duty.

Mr. FINLEY. Now, on the basis of pay only for first-class matter; what would it cost the Government to transport only first-class mail?

The CHAIRMAN. On the assumption that the other classes are eliminated?

Mr. FINLEY. For the purposes of this question.

Mr. STONE. First-class matter is about 6 per cent of the whole. I gave the exact percentage before. It was 6 per cent and a fraction.

Mr. SNAPP. Was that 6 per cent of the whole?

Mr. STONE. Of the whole weight.

Mr. SNAPP. Including the equipment?

Mr. STONE. Yes.

Mr. SHALLENBERGER. I want to say that it would be very unsatisfactory to hold that that 6 per cent of mail included equipment, because all classes of mail go in and are weighed with any specific piece of equipment.

Mr. MOON. How much money would it take each year to carry the first-class mail, including the equipment, its part of the equipment?

Mr. STONE. We have no data on that.

Mr. FINLEY. The fast train that has been inaugurated between New York and Chicago, making a schedule in eighteen hours, only carries first-class mail?

Mr. SHALLENBERGER. First-class mail is all that we require the train to carry.

The CHAIRMAN. No newspapers on any part of that route?

Mr. SHALLENBERGER. I am not prepared to say, but I think not.

Mr. FINLEY. The information that I have here is that it carries only first-class mail. In your opinion can this class of service be extended with economy to the service? I mean, can you inaugurate this kind of service between other points on other lines of railroad?

The CHAIRMAN. Limiting the service to first-class mail?

Mr. SHALLENBERGER. I do not think that that would be at all satisfactory to the country.

Mr. FINLEY. I did not mean to make it general, but I mean are there any railroads where this class of service can be extended, where conditions are such as they are between Chicago and New York, so that you can have a train, a fast train, carrying only first-class mail.

Mr. SHALLENBERGER. The conditions might be similar and we would be justified in making the same rule, but it would only be in cases where the frequency of the train service on other than the limited train was deemed insufficient by the general public.

Mr. FINLEY. Is there any reason why you could not have that service between New York and Washington?

Mr. SNAPP. How could that make any difference, Mr. Finley, as long as they are not paid anything extra for fast trains?

Mr. FINLEY. If you will excuse me, I was trying to lead up to something else. If you could have the bulk of first-class mail between the important mail points and railroad points in the country carried as it is carried in these trains between New York and Chicago, then could you not work up a system of carrying this cheaper mail, documents, magazines, and mail matter of that low class, in some cheaper manner than it is carried at present?

The CHAIRMAN. By slower trains or less frequent service?

Mr. FINLEY. By freight, if necessary.

Mr. SHALLENBERGER. The only advantage that would be to the Government would be that it would eliminate that entirely from the mail, and carry it by fast freight under freight conditions and pay. That would be very unsatisfactory to the country, and I think as a practical suggestion would meet the most determined opposition.

Mr. FINLEY. You have a clause in the bill for the pay of freight on postal cards and stamped envelopes. If that appropriation was larger, you could, to a limited extent, send some of this low-class mail in that way, could you not?

Mr. SHALLENBERGER. We would scarcely like to do it under our discretion, and we would like for Congress to determine what class of mail should be sent in that way.

Mr. FINLEY. When these articles are carried by freight, do I understand you that the regular rates are charged for carrying it by freight?

Mr. SHALLENBERGER. Regular fast-freight rates.

Mr. FINLEY. Are those rates as high as the pay to the railroads for carrying through mail?

Mr. SHALLENBERGER. Oh, no; it has no reference to the mail rate at all.

Mr. STEENERSON. But if you fix the pay of a railroad once in four years, what difference does it make whether you send it by freight or by mail? It does not decrease the railway mail pay.

Mr. SHALLENBERGER. It might not until the weighing occurs again. Then the practice of sending at all times during the year this class of mail by freight eliminates it from the mail during the time when the weighing of the matter is passing to and fro through the mails.

Mr. STEENERSON. It would only affect it in the event you are sending it by freight during the weighing period.

Mr. SHALLENBERGER. We are sending this matter regularly during every month in the year.

Mr. FINLEY. And the weighing period occurs some time during the year?

Mr. SHALLENBERGER. During three months of the year, so that if the practice of the Department is to send that matter by freight during those three months, it does not appear in the adjustment of weights, hence does not appear in the pay.

Mr. STEENERSON. If you did not continue to send it by freight regularly, then it would not affect the railway mail pay at all?

Mr. SHALLENBERGER. No; if we do not continue to send by freight it would not affect it.

Mr. STEENERSON. In that event it would not decrease the weight during the weighing period?

Mr. SHALLENBERGER. No.

Mr. FINLEY. Can you give the amount that was carried last year by freight—the weight of it?

Mr. STONE. We have made a note to answer that question.

Mr. FINLEY. In the event Congress should give you \$500,000 in place of this \$120,000 to be employed in paying freight, and so forth, can you use that sum for the advantage of the Government from the standpoint of economy?

The CHAIRMAN. You mean carrying mailable matter by freight?

Mr. FINLEY. Simply strike out the \$120,000 and make it \$500,000.

Mr. SHALLENBERGER. If Congress would indicate specifically what it is for, so that the Auditor would have no difficulty at all.

The CHAIRMAN. I asked you that very question on yesterday covering that point, and I read you some of the old laws, and you and your assistants told me that they had been superseded, and that you would not have that authority without different legislation.

Mr. STONE. That is the point he makes now.

Mr. SHALLENBERGER. If that legislation should be included in the postal bill.

The CHAIRMAN. Do you mean that you can not, under existing law at least, send mail by freight by simply raising the amount of that appropriation?

Mr. SHALLENBERGER. That is what I mean.

The CHAIRMAN. I do not think your answer to Mr. Finley was as conclusive as it is now, because I went over that yesterday with you.

Mr. SHALLENBERGER. I am sorry I did not make it clear, because we would have to assume that the phraseology of the appropriation act shall be just as clear as it is in the present instance.

Mr. FINLEY. Certainly there is no general law that would prevent the Department in its discretion in the event you had employed the appropriation of a half million dollars to ship any class of mail that you wish by freight; there is no general law to prohibit the Department, in the exercise of its discretion, doing that.

Mr. SHALLENBERGER. I think there is a general law superseded by the act of 1873 which now would be construed as a prohibition to sending any class of mail by fast freight unless specifically referred to in the present postal bill, and included with stamps and envelopes and equipments.

Mr. FINLEY. Then if the committee, in framing the Post-Office appropriation bill, should designate certain low classes of mail matter which you might in your discretion ship by freight, you would not need any other law, would you?

Mr. SHALLENBERGER. If you would designate those classes, and make an appropriation available for sending such classes of mail by fast freight, we should not need any additional legislation.

Mr. SNAPP. If that is true, where do you get the authority to send mail now by fast freight?

Mr. SHALLENBERGER. We have it in the act itself.

The CHAIRMAN. Sending equipment.

Mr. SNAPP. No stamped mail is sent by freight trains?

Mr. SHALLENBERGER. We have the right to send mail on any train, freight, mixed, or passenger train, or exclusive mail train, but we exercise that right under the general law.

Mr. SNAPP. Is not some pouch mail forwarded now by freight trains?

Mr. SHALLENBERGER. Yes, sir; where there is no passenger train that will render service.

Mr. FINLEY. The estimated increase of pay for railroads the present year is 5.75 per cent, and I observe that on page 62 the increase of amount of ordinary mail handled over the year before is 5.77 per cent. Is it necessary to the efficiency of the service that the increase in railway-mail pay keep up with and correspond with the increased per cent of ordinary mail handled each way?

Mr. SHALLENBERGER. Will you kindly repeat that question. I am not quite clear as to the scope of it.

Mr. FINLEY. Well, the increase of ordinary mail handled last year was 5.77 per cent.

Mr. SHALLENBERGER. Please indicate where you are reading from.

Mr. FINLEY. I am reading from my notes, and I got this out of one of the tables. I think I have it right.

The CHAIRMAN. The increase of pieces of mail handled is what you allude to, not the weight.

Mr. FINLEY. Now, I observe that the increase of pay is 5.75 per cent, and I ask you is it necessary for the efficiency of the service that the pay keep up with the increase in amount handled?

Mr. SHALLENBERGER. I have never noticed the relation between the two, and I see no necessary relation existing.

The CHAIRMAN. Mr. Finley, if you will permit me at this point, I would like to say that the percentage of increase in the total cost of the service was 9.75 per cent, while the increase in the total number of pieces handled was only 5.75 per cent.

Mr. FINLEY. I understood that.

The CHAIRMAN. So that the increase in the cost of service was even a greater per cent, taking the entire service.

Mr. FINLEY. Supplies shipped to a distributing point at the beginning of the weighing period, and then sent out from there to the various points of distribution; would that matter or a great part of that matter receive double weighing?

Mr. SHALLENBERGER. It could not receive double pay under any circumstances. We pay by the mileage, excepting in possibly a few instances within the weighing district, which is one-fourth of the country. It might be sent to a distributing office—for instance, a box of blanks, say—and opened, and sent back over the same road.

Mr. FINLEY. St. Louis is a distributing point?

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Matter shipped from Washington or New York during the weighing period to St. Louis would be weighed while on its destination toward St. Louis, then when that matter was sent out to St. Joe or Kansas City, or Newton, Kans.—any points around there that draw their supplies from St. Louis—would it not be weighed again?

Mr. SHALLENBERGER. It would.

Mr. FINLEY. Then that would be a double weighing, would it not?

Mr. SHALLENBERGER. Not of that same shipment.

Mr. FINLEY. I did not mean of the same shipment, but I mean in results: it results in the Government paying for that weight first, when it was shipped in bulk to St. Louis, and then when it was shipped over from St. Louis to the offices supplied by St. Louis.

Mr. SHALLENBERGER. As I have said, we should only pay the road once for that shipment, except in the particular case where a portion of that mail would go back over the same road through the mail to the several post-offices along the railway; but all other roads which have not received any pay whatever for that would be paid but once for it. I do not know of any such practice, because we are sending these supplies for a longer or shorter time to regular post-offices and all to our depositories, and there it is retained until such time as it is called for in the regular order of business.

Mr. FINLEY. And then when it is sent out in the regular order of business during the weighing period, it is weighed again?

Mr. SHALLENBERGER. But that weighing period would only last a few months.

Mr. FINLEY. I know that, but it is weighed again.

Mr. STONE. The greater part of our supplies from the individual offices are sent from the division of supplies direct to that office. Those mail bags that we handle between distributing points are handled by freight, and are not sent in bulk by mail.

Mr. SHALLENBERGER. I think Mr. Finley was referring to the supplies in the nature of blanks and books.

Mr. STONE. If you refer to postal cards, they would go to the depository by freight.

Mr. FINLEY. I know that, but I said supplies which you do send to the St. Louis office.

Mr. SHALLENBERGER. That is sent by another bureau, from the Division of Postal Supplies, but I understand that they send the supplies to each individual office direct from the supply division here.

Mr. FINLEY. Then the supplies generally would not be obtained from St. Louis by smaller offices in that territory?

Mr. STONE. That is my understanding.

Mr. STAFFORD. I believe the hearings of last year will show positively that the supplies in the interior offices are supplied from the depository rather than the office at Washington.

Mr. SHALLENBERGER. I was about to say that my information on that subject is not direct, and therefore I should refer rather to the testimony given by the other bureau of the Department in charge of the supply division.

Mr. FINLEY. What would you say as to the pay by the Government as compared to the pay by individuals for about the same class of service? I assume that the express companies would be the best illustration, where they would occupy a car, and the Government occupy a car, the Government furnishing clerks in the car and the express company furnishing clerks and force necessary to man its crew. What would you say as to the relative prices paid by the Government in the postal service, and by the express companies in a case like that?

Mr. SHALLENBERGER. I am not able to compare the two. I understand that as a general practice the express car contains a safe in which would be inclosed a large number of packages of money and bonds, which are carried at very high rate of compensation, a certain percentage of which becomes the pay to the railroad company. Other portions of the car are occupied by heavy, bulky matter which is carried at a very light rate of pay, the same proportion of which goes to the railroad company, hence it has been extremely difficult, if not impossible, for me to estimate, when I have attempted to do so, the pay of the two.

For instance, I have found that in sending bonds across the continent to San Francisco they charge so much per thousand, the high per cent being applicable to that class of traffic, and the railroad company receives its full proportion, whereas we send at a uniform rate of postage both registered and ordinary matter in the mails, so we can not safely compare our rates of pay with the express rates.

Mr. FINLEY. The practice of the Department in sending money on all trains in order to secure the quickest despatch results in a smaller amount of mail carried on each train, necessarily, does it not?

Mr. SHALLENBERGER. It does.

Mr. FINLEY. That is, the mail is carried in smaller bulk.

Mr. SHALLENBERGER. Yes.

Mr. FINLEY. Does not that policy necessarily result in the Government paying a much higher rate for carrying the mail in all such cases?

Mr. SHALLENBERGER. I have no reason to believe so. Ordinarily one would think so, but I can not say that it costs any more, particularly. I did think when I was in England investigating the subject in 1898 that they had the advantage of us in being able to send their mail in very large proportions in the evening—after night—and reaching almost any of the terminal points in time for morning delivery. Therefore it was the practice in England to accumulate mail service on night trains, whereas in our country we must cover one night with so much of our mail, almost two or three nights, so that we have to start our mail out from the great cities any hour of the day the train is scheduled to take it.

That necessitates a greater subdivision with our mail than with the English mail; but I did think at that time that it might have tended to make the pay larger in this country.

Mr. FINLEY. Would not the practice increase the amount of mail equipment necessary in carrying the mail?

Mr. SHALLENBERGER. To a certain extent it would.

Mr. FINLEY. And to that extent would it not increase the cost to the Government?

Mr. SHALLENBERGER. To that extent it would.

Mr. FINLEY. Can you say to what extent that practice prevails?

Mr. SHALLENBERGER. I can not.

Mr. FINLEY. As compared with former years?

Mr. SHALLENBERGER. We can not. I can say that the tendency of recent years has been to increase the postal facilities, which includes more frequent dispatches to all important points.

Mr. FINLEY. Then your rule is, as I understand you, that you route mail at all times on the shortest and quickest route?

Mr. SHALLENBERGER. We route the mail, as a rule, by the quickest route.

Mr. FINLEY. You do not regard particularly the matter of cheapness in routing it, do you?

Mr. SHALLENBERGER. We regard that as important, but secondary.

Mr. FINLEY. What is the shortest line from New York to Buffalo?

Mr. GRANT. I think the Lackawanna has the shortest mileage.

Mr. FINLEY. What road has the most important train—to what road is the mail diverted?

Mr. GRANT. The heaviest mail between those points?

Mr. FINLEY. Yes.

Mr. GRANT. The New York Central.

Mr. FINLEY. What is the difference in schedule time?

Mr. GRANT. We do not determine the hour of the day when the train shall start, therefore the number of trains determine the facilities on any particular road.

Mr. FINLEY. What is the shortest line between Chicago and Kansas City?

Mr. GRANT. The Santa Fe, I believe.

Mr. FINLEY. What road has the mail diverted to it between those two points?

Mr. GRANT. I presume the Santa Fe carries the bulk of it. If we can use any other road to get the mail through quicker we do it.

Mr. FINLEY. You have no important train between Chicago and Kansas City?

Mr. SHALLENBERGER. Several of them.

Mr. FINLEY. I mean such as you have designated.

Mr. SHALLENBERGER. Oh, no; we have sufficient facilities without.

Mr. FINLEY. You think that the bulk of the mail between Chicago and Kansas City is carried by the Santa Fe?

Mr. SHALLENBERGER. That is Mr. Grant's impression, and he keeps in touch with the details. It is not more than all of the others, but perhaps more than any other one line. As I have said before, there may be three or four roads between terminal points which have a schedule at different hours, and we utilize the train at that particular hour which will take the accumulated mail to the best advantage.

Mr. FINLEY. So, then, you do not always divert the mail to the railroad having the shortest and quickest line, but you have regard for the hours of departure and arrival.

Mr. SHALLENBERGER. Oh, yes. One train may be very much faster than another, and we send the mail by that train; then another train goes at a later hour, scheduled to arrive sooner than any other system, and we avail ourselves of that.

Mr. FINLEY. There has been considerable discussion, some in the press and some on the side—I do not mean to cast any imputations on the Department—but it has been understood in a general way that the great lines of railroads, some of them, keep attorneys here in Washington, have attorneys employed, whose business it is to look solely after these matters. To what extent is that true?

Mr. SHALLENBERGER. I am not prepared to say as to what extent, but a number of the leading roads have such attorneys.

Mr. FINLEY. Whose business it is to look after mail matters, and so on?

Mr. SHALLENBERGER. Yes, sir.

Mr. FINLEY. Do you know the firm of Thompson & Slater?

Mr. SHALLENBERGER. I do.

Mr. FINLEY. Whom do they represent—what road?

Mr. SHALLENBERGER. I am not able to give all of the roads that they represent.

Mr. FINLEY. Some of them.

Mr. SHALLENBERGER. The New York Central, the Pennsylvania, I think the Burlington, the Southern, and other small roads that I can not name now; but of course we could enumerate them.

Mr. FINLEY. Do you know about what duties are performed by them in respect to these matters of mail contracts, and so forth?

Mr. SHALLENBERGER. They come to the Department and make representations from time to time as to what the road proposes to do in the way of changed schedules and expedited service, and as to what amount of mail would possibly be expedited in the event such a schedule should be placed, ascertaining for the company the details that are necessary to enable the company to judge as to whether or not such improved service would be desirable. Then they follow that up and ascertain whether the Department, acting under its discretion, is dealing justly and fairly with the road as compared with other roads, and in receiving concessions as to R. P. O. service and other service.

Then they follow that up, after our Bureau has dealt with it, to the Auditor, and see that the pay has been properly certified, and that at the proper time the warrant issues and goes to the several roads which

they represent. I do not know whether they have other duties; they may have, but those duties come to my mind at present.

Mr. FINLEY. There has been some talk about the matter, and I wanted to know in a general way.

Mr. SHALLENBERGER. Roads have occasionally asked the Department as to whether we thought there was a decided advantage in their having attorneys, and we have said that that was a matter purely in their own discretion, that it is not necessary. We deal with and address our communications directly to the roads as well as the attorneys.

Mr. FINLEY. I understand. What would you say, where you have asked an increase of 5.75 per cent for pay for Railway Mail Service, in the event the committee, or Congress, should give you a smaller per cent, should give you, say, 3½ per cent? That would be about twice the per cent of increase that was given last year.

The CHAIRMAN. Last year the per cent was 3.02.

Mr. FINLEY. I mean 1904, which was 1.97 per cent; I meant 1904. In other words, it gives you twice the amount of the increase that was given in 1904. How would you be able to conduct your Department?

Mr. SHALLENBERGER. We would conduct it just as we are doing now under the general law, which determines the amount of pay based upon the weight, taken regardless of the appropriation. The obligation of the Government is independent entirely of the appropriation made; hence we should simply come back to Congress next year and report our action, which was to conduct the service under the statutory law.

Mr. FINLEY. Is the same true of the R. P. O. service?

Mr. SHALLENBERGER. The same is not true of the R. P. O. service.

Mr. FINLEY. There you can only spend the amount of money appropriated by Congress?

Mr. SHALLENBERGER. From year to year. It differs in that regard from the transportation pay.

Mr. MOON. I believe you said that 6 per cent was the amount of first-class mail matter in weight—of the whole weight?

Mr. SHALLENBERGER. That is, 6 and a fraction per cent was the ascertained percentage at the time we had the special weighing in November, 1899.

Mr. MOON. And I understood you to say that in order to determine the cost in dollars and cents for the carriage of first-class matter, you would have to add to it the proportionate share of equipment?

Mr. SHALLENBERGER. Yes.

Mr. MOON. What does one of those pouches in which you carry first-class mail weigh?

The CHAIRMAN. All of those figures were given a while ago, before you were here.

Mr. SHALLENBERGER. The respective weights were given in the testimony a little while ago, and I refer you to the tables submitted in my annual report.

Mr. MOON. Do you recollect what those pouches weigh, the average pouch?

Mr. SHALLENBERGER. I should say the average pouch would weigh 4 pounds; but I would like to say in this connection that in view of

the increased frequency of dispatches I have been inclined to reduce the size of our mail pouches, so that we can handle suburban mail and all other mail that is coming with increased frequency in smaller pouches than heretofore used.

Mr. MOON. When a pouch is filled with first-class mail what will it weigh then?

Mr. SHALLENBERGER. The average full pouch—I think Mr. Grant can give that.

Mr. GRANT. No; I could only give a wild guess. I should say 75 or 80 pounds.

Mr. MOON. Then the proportion would be about 4 into 70, or one-twentieth, would it not?

Mr. SHALLENBERGER. In that particular instance. Those instances are rare where we can fill a pouch full. The large duplication of equipment is in the suburban mail, as we collect it; for instance, I happened into the Chicago office three years ago, and noting some of the racks where they were distributing mail I found that to certain points there were 18 dispatches a day—suburban points.

Mr. MOON. According to your statement, then, including the first-class mail, the proportionate share would be between 7 and 8 per cent of the weight of mail carried, including the bags, equipment, and the first-class mail altogether; that is, they will constitute about 7 or 8 per cent in weight of the whole mail carried.

Mr. SHALLENBERGER. I think it would be much larger than that.

Mr. MOON. On the figures given?

Mr. SHALLENBERGER. Yes; for the reason that where we have the frequent dispatches the volume of mail in the equipment is so much smaller—that is, the proportion of mail matter to equipment is so much smaller—than it is in the general average where we are sending through mail with less frequency.

Mr. MOON. Would the whole exceed 10 per cent?

Mr. SHALLENBERGER. Well, I really have no means of knowing.

Mr. MOON. I should judge from the figures given that it would be about 8 per cent.

The CHAIRMAN. I presume that is on the basis of each bag being full?

Mr. MOON. Yes.

The CHAIRMAN. Do you think that is practical?

Mr. MOON. I don't think so, and I was making allowances.

Mr. SHALLENBERGER. I would say that the proportion of equipment of first-class matter is vastly greater than it is for any other. If you stop one moment to consider the proportion of second-class matter to first, and then remember that most of the second-class matter is sent out in pouches, full sacks, and that they are tied, and that when you come to estimate the proportion of equipment of first-class mail you would have to put it far beyond anything you have done with respect to the other classes.

Mr. MOON. You put the first-class matter at 6 per cent. What would you say the percentage would be including it all—altogether?

Mr. SHALLENBERGER. I could only return to the conditions and cite them as a means which would enable the committee to estimate as fairly as I could. If they will stop to remember that on every truck load of mail they will see a large number of pouches and sacks with

little matter in them, they will then incline to estimate what proportion of the weight of the sacks the contents are. It is only in that way that I could give an answer.

Mr. MOON. I understood you to say that the pouch will weigh 4 pounds, and filled 70 or 80 pounds.

Mr. STONE. I will give the exact figures.

Mr. MOON. I do not care for that. I suppose if that is true, then on the basis that you have already estimated first-class mail in comparison with other mail, that would not exceed 8 per cent, assuming that the pouches are never more than about one-third full. In that case what would the total be?

Mr. SHALLENBERGER. Assuming that the 4-pound pouch had 3 pounds of mail in it, what would the proportion be?

Mr. MOON. That would not run over 18 per cent.

Mr. SHALLENBERGER. That would be 7 pounds, two-thirds of which would be equipment.

Mr. STONE. Some of these pouches are sent back empty to be refilled.

Mr. MOON. It is never the case that the empty pouch is more than two-thirds?

The CHAIRMAN. May I ask a question for my information? I think I see the point that you are trying to arrive at. In your judgment, if I understood you, if the second, third, and fourth class mail was entirely eliminated and first-class mail only transported it would cost about 10 per cent of the present cost. Is that what you would mean?

Mr. MOON. I mean to say from the figures that are given that that would indicate a cost of about 10 per cent.

The CHAIRMAN. The cost would be about 10 per cent of the present cost for the transportation?

Mr. MOON. I mean weight.

The CHAIRMAN. My judgment, just as a guess, is that if the second, third, and fourth class mail was eliminated, and the transportation of first-class mail only was had, that the expense for the transportation would not be over four or five million dollars for that.

Mr. MOON. That would be determined when we got the weight.

The CHAIRMAN. I was trying to see if that was the point that you were trying to get at.

Mr. MOON. I was trying to see if there was not some way by which we could reach, whether in this bill or in some other way, a conclusion by which we could separate this matter.

The CHAIRMAN. Let me throw a little light on your method by another calculation. It is shown in the report that the total cost for transportation for second-class mail for the fiscal year last past was a little over thirty-three millions of dollars, while the amount of money we received in postage on second-class matter was a little over six millions of dollars, so that the net cost by the present methods and rates was twenty-seven million dollars more than the receipts.

Upon that basis my guess, and it is only a guess, is that if the second, third, and fourth class mail were eliminated absolutely, we could transport the first-class mail on present methods for perhaps \$4,000,000. But I doubt very seriously whether you could even compel the railroads to transport that limited amount of weight at the same basis of pay. That would have to be taken into account.

Mr. MOON. We have to get at these facts the best we can, one at a time, from all sources.

The CHAIRMAN. The easiest way, and the most practical way, would be to raise the rates on second-class matter proportionate with its cost of carriage.

Mr. MOON. I was trying to ascertain the facts as to this matter; it is one that we will have to consider later.

(Adjourned at 1.35 p. m.)

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Wednesday Morning, January 31, 1906.

STATEMENT OF HON. W. S. SHALLENBERGER, SECOND ASSISTANT POSTMASTER-GENERAL, ACCOMPANIED BY MR. G. F. STONE, CHIEF CLERK; MR. J. H. CREW, SUPERINTENDENT OF RAILWAY ADJUSTMENT, AND ALEXANDER GRANT, ASSISTANT SUPERINTENDENT RAILWAY MAIL SERVICE.

Subcommittee called to order at 10.40 a. m.

The CHAIRMAN (Mr. Overstreet). We will begin the session of the committee and take this time to allow Mr. Snapp to ask some questions.

Mr. SNAPP. General, in case the mail should be diverted from one road to another after the weighing period in that section in which it belongs, what do I understand is the custom of the Department in regard to correcting the compensation of that road?

Mr. SHALLENBERGER. The general practice is to divert mails during the four-year period whenever they can be expedited by so doing, unless there is reason to believe that the diversion is made necessary by the annulment of a train that was put into service just preceding the last weighing for the purpose of attracting to it mail which began going by other lines. Unless that is the case there is no change made in transportation pay.

Mr. SNAPP. That is, the pay of the road from which the mail is diverted and the pay of the road to which the additional mail is diverted remains the same?

Mr. SHALLENBERGER. Remains the same during the four-year period, the theory being that during the weighing period, extending over a large section of the country, mail can not be weighed twice, and must be weighed on one or the other of competing lines. To that extent these lines become a unit in the eye of the Post-Office Department, and during the four-year period the Department exercises its right to dispatch mail over any one of these lines which will carry it to the destination quickest and to the best satisfaction. But as an exception, and as the basis for my remark of yesterday, when we find that preceding a weighing competing lines are striving with each other to see which can get the fastest train and attract the largest amount of mail to that particular train possible, we then direct our weighers to keep separate the record of the mail carried on that particular train, so that if it transpires after the weighing closes that the

mail train is annulled or withdrawn, even before the readjustment of pay shall have taken place on the following July 1, we deduct the entire compensation applicable to that particular train, not restoring it to any other train because no train is entitled to pay for mail that is not carried during the weighing; but we hold that the train is not entitled to pay which was scheduled for the purpose apparently of drawing to itself mail which it did not purpose carrying during the period for which the pay would apply.

Mr. SNAPP. If that mail, however, should be diverted to some other road after the weighing period, it would be carried by that other road as long as it is routed in that way without compensation?

Mr. SHALLENBERGER. Without compensation.

Mr. SNAPP. Supposing the Department should occasionally divert a large quantity of mail from some road and concentrate it for purposes of sending it over a faster train established by another road in the same division, would there be any adjustment of compensation to any other road?

Mr. SHALLENBERGER. The adjustment of compensation would follow the lines which I have just indicated. If the diversion was before the weighing begun, if the train were continued after the weighing was concluded as a permanently scheduled train, and an expedited mail service, then the pay would continue to that road.

Mr. SNAPP. Has there recently been established a fast mail train over the Frisco line, either from Kansas City or St. Louis, that has resulted in the concentration of a large quantity of mail to that train?

Mr. SHALLENBERGER. There has.

Mr. SNAPP. Was that before or after the weighing period?

Mr. SHALLENBERGER. Before; the weighing period has not yet been ordered.

Mr. SNAPP. Until the weighing period, then, that road will carry the mail without extra compensation?

Mr. SHALLENBERGER. Without extra compensation.

Mr. SNAPP. And the road from which that mail was diverted will receive the same compensation that they would have received if they had carried the mail?

Mr. SHALLENBERGER. That is true. That will continue until June 30 next, until the end of the four-year term for which the adjustment was made.

Mr. SNAPP. Then that train would run through a part of two sections?

Mr. SHALLENBERGER. A part of two sections.

Mr. SNAPP. Now, Mr. Crew, have you had time to figure up so that you can give us the cost per pound per mile on the routes that I mentioned to you yesterday in the first weighing division?

Mr. CREW. I have not completed the figures, and could not get them this morning. I will try to have them to-morrow morning.

The CHAIRMAN. We will now pass to the item providing for the appropriation for the railway post-office car service. The appropriation for the fiscal year ending June 30, 1905, was \$5,730,000. There was expended for this service for that year \$5,508,044.65, leaving an unexpended balance for the last fiscal year of \$226,955.35. The appropriation bill for the fiscal year 1906 increased the appropriation over 1905 by \$139,000, and you ask for a further increase for 1907 of \$146,000. In view of the fact that you had over \$250,000 unexpended

the last fiscal year, how do you explain this increase for the next year? While it is a small per cent, it seems to me, upon the showing of the expenditures that you really do not need that much money.

Mr. SHALLENBERGER. I will ask Mr. Stone to answer that question.

Mr. STONE. We are asking for an increase over the appropriation for the current fiscal year of \$146,000, and we take into consideration a probable unexpended balance for that current year. You will notice the increase in actual expenditures for a series of years back; say last year over the preceding year was \$252,000. In 1904 over the preceding year, \$222,000. We are asking for an increase this year over the appropriation for the current year of \$146,000.

The CHAIRMAN. But you had an unexpended balance the last fiscal year of \$226,955.

Mr. STONE. We only spent what was necessary.

The CHAIRMAN. That is true. I am saying, in view of the unexpended balance of the last fiscal year, may we not reasonably expect that the appropriation for the present fiscal year will be ample for this year and will be ample for the next year without increasing that amount? Do you base this increase, Mr. Stone, upon the probability of an increased number of cars for entirely new post-office routes, or for extension of the present routes with the present cars?

Mr. STONE. Both.

The CHAIRMAN. Can you separate the two, and say which is the principal factor in your estimate, whether new service with new cars, or for extension of service with old cars?

Mr. STONE. I can not separate that, but this estimate that we have made for the next year allows for the same rate of increase for next year that we estimated the increased rate for this year will be over the last.

The CHAIRMAN. I am endeavoring to see, Mr. Stone, whether or not we have not appropriated a little more than that item really calls for. While the per cent of increase is small, and the total is small, still there is no necessity of appropriating more than needed.

Mr. STONE. Because of the unexpended balance last year we have made our estimate for next year 2.45 per cent greater as against the preceding year of 4 per cent and over.

The CHAIRMAN. What can you tell the committee concerning the methods adopted by you in making the estimate—the principal factors in your estimate?

Mr. STONE. I have the actual expenditures for a series of years past. I have taken the average increase in expenditures for 1904, 1905, and 1906, estimating 1906, taking that at \$247,000, the actual average. And if we add that to the expenditures for the past year we would make the estimate for 1907 the amount which we have submitted. It is on the average for the last three years, the average increase in actual expenditure.

The CHAIRMAN. From what source comes the strongest demand for the full R. P. O. service?

Mr. SHALLENBERGER. The increase in the volume of mail carried, which mail largely originates in the eastern section of the country, and must be transported through one or more of the great sections. That mail must be separated at one point or another, as the interests of the service indicate, and in transit demands increased space for

separation. Hence the space authorized either in the first division out of New York or in the third division, the Middle West, or it may not be needed until the mail matter reaches the fourth division, if it is intended for the Pacific coast, but whenever the additional space is needed it is given. Then when a new service is put on, as, for instance, out of St. Louis to the Southwest, to Territories like Oklahoma and the Indian Territory, where the volume of mail business is increasing with wonderful rapidity, and the newspaper classes are increasing correspondingly, these increased facilities and increase in mail require increased separation, so that a new line of postal cars must be immediately put on a train of that character.

The CHAIRMAN. May I interrupt you there to ask you why full cars should be put on immediately? And please explain to the committee why compartment cars will not answer fully as well as full cars.

Mr. SHALLENBERGER. Because the mail must be separated either in the St. Louis post-office before it starts or at the distant point, or it must be separated in transit, beginning immediately when the train leaves St. Louis.

The CHAIRMAN. How does the information reach your Department of a probable reasonable demand for a new car? Through your assistant superintendent or directly to your office?

Mr. SHALLENBERGER. They come through the division superintendents to the office of the general superintendent, and by him it is reported up to my office.

The CHAIRMAN. Through what sources do the division superintendents obtain their information relative to the demand for the service?

Mr. SHALLENBERGER. Through their chief clerks, unless from personal observation.

The CHAIRMAN. There are demands made, are there not, in many instances by railway mail clerks, who desire better accommodations in which to work the mail, finding that the compartment car does not give them sufficient room?

Mr. SHALLENBERGER. That is true, I think.

The CHAIRMAN. That is one source.

Mr. SHALLENBERGER. I think that is true in certain cases.

The CHAIRMAN. There are also demands made by railroad companies.

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. Do they ever find a demand from postmasters of large cities calling attention to the demand for increased postal-car service?

Mr. SHALLENBERGER. We sometimes have those demands presented or emphasized by postmasters.

The CHAIRMAN. When chief clerks forward to the division superintendent whatever it is necessary they should forward relative to this demand, do they indicate the source from which they get their information for the demand?

Mr. SHALLENBERGER. They do not. They simply report the basis on which they make their request, the number of separations required, together with the weight of the mail carried in the car.

The CHAIRMAN. Now, so far as the demand by railroads is concerned, is not that demand oftentimes—not always, but oftentimes—

prompted by a desire for increased pay quite as much as for the service itself?

Mr. SHALLENBERGER. I assume so.

The CHAIRMAN. And in the demand made by postal clerks, is not their demand often prompted by the desire for the establishment of an increased number of crews, which would afford promotions for clerks?

Mr. SHALLENBERGER. Well, I am not positive, but we assume so. In both cases self-interest may be the basis of the request, and therefore we critically examine it and check it up with the actual conditions.

The CHAIRMAN. This service shows, if my figures are correct, that on the 30th of last June we had employed 1,015 cars—full cars; that on the 30th day of June, 1900, five years preceding, you had 766 cars in the service; so that in the five years the number of cars has increased about one-third. Now, do you have any opinion as to whether this service will probably result in an increase in number of full cars by one-third in the next five years?

Mr. SHALLENBERGER. It would depend upon the increase in the volume of mail business. I think probably it will be shown that in five years the volume of mail matter has increased at a more rapid ratio than that. I took, for instance, and have it in my report, what it has increased in the four-year period over the preceding four-year period, and I find that it was 40 per cent, nearly—38.80 per cent. It is on page 18 of my report.

The CHAIRMAN. Is it not true that railways oftentimes seek the establishment of new full R. P. O. service in order to prevent competing lines from getting possession of mail which they would haul?

Mr. SHALLENBERGER. They ask additional R. P. O. service in addition to pay for transportation, both of which would justify them in putting on a given train service and expediting the mail.

The CHAIRMAN. My question is, Do not roads oftentimes seek to have full R. P. O. service established in order, by reason of that full R. P. O. service on their lines, to prevent competing lines from getting the haul, as you give preference to a road where there is full R. P. O. service—the natural preference—by reason of the fact that the mail is more readily worked on R. P. O. cars; and as between two competing lines, one having a full R. P. O. service and the other not having that service, the probabilities are that the one having the full R. P. O. service will get the larger amount of pay?

Mr. SHALLENBERGER. But I think I may say that we do not listen to the appeal for that R. P. O. service for the reason stated—that a given line of R. P. O. cars is preferred necessarily by the Department. It is only preferred when it will expedite the mail, hence a competing line knowing that that is the only point involved is just as likely to get the full R. P. O. service as the line seeking to draw mail from it. There is no preference necessarily given to a line because it has R. P. O. service, because we can get R. P. O. service on any line.

The CHAIRMAN. You never have any difficulty in having it inaugurated?

Mr. SHALLENBERGER. No.

The CHAIRMAN. They are always very glad to have it inaugurated, are they not?

Mr. SHALLENBERGER. Not always glad. When it is apartment-car service purely, which requires them to give us space without additional pay, they are not always ready to do it, but they are, as a rule, willing to do it—not anxious to do it.

The CHAIRMAN. Now, I stated a moment ago that in the last five years—from 1900 to 1905, the last year included—the number of full R. P. O. cars had increased about 32½ per cent. During the same period the number of pieces of mail handled increased 31.39 per cent, while the increased cost of service was 50.28 per cent. I am speaking of this R. P. O. service. Do you think that the cost of the service ought to increase more rapidly than either the number of cars or the number of pieces handled?

Mr. SHALLENBERGER. I think the cost of the service is dependent largely on the fineness of separation, as we call it. The number of separations that have to be made in any given territory is increasing, just as the number of dispatches increases on railway trains, and just as the stations in cities, for instance, becomes a part of the necessary separation on railway trains rather than a local post-office. In recent years we have been separating for postal stations in cities. Again, we are separating for rural routes, so that when mail reaches the destination it is ready for half a dozen rural carriers instead of having to go into the local office and be delayed an hour or more for separation purposes; all of which increases the cost of handling the mail on railway trains.

The CHAIRMAN. With what degree of care does the Department investigate the demand for increased R. P. O. service?

Mr. SHALLENBERGER. With very great care.

The CHAIRMAN. Isn't it true that in many instances full R. P. O. service is inaugurated where reasonably efficient service could well be maintained with apartment cars?

Mr. SHALLENBERGER. We do not think so, and wherever the intimation comes to me that an R. P. O. car is not needed we send down the inquiry for report as to whether changing conditions have relieved that particular train from carrying mail which it formerly carried, and if so, whether that R. P. O. car could not be transferred to another train on the same line or withdrawn. Again, when the demand comes for R. P. O. cars, we require reports to be secured by the General Superintendent of Railway Mail Service in the field, showing the amount of mail that is being carried in that car, the number of separations that are being made, the number of clerks required to make them, and determine upon those reports, and have them in our records, as to whether or not the requisite space is not already provided. If it appears that sufficient space is not provided, mail being carried in unworked by reason of lack of facilities, thus imposing additional burdens on local post-offices at considerable expense—if that appears, we increase the R. P. O. car from a 40-foot car, if that has been authorized, to a 50-foot car, and if a 50-foot car has been authorized, to a 60-foot car, although all the time the car may have been a 60-foot car.

The CHAIRMAN. Can you, from the data at hand, tell us if there is a full R. P. O. route from El Paso, Tex., to Tucson, Ariz.? That is a distance of 312 miles, according to my account. Does your report indicate the fact that over that 312 miles but one railway mail clerk occupies that full R. P. O. car?

Mr. GRANT. We have two clerks there.

The CHAIRMAN. Take that, then, for example, General. Do you think it is good administration to put two clerks in a full R. P. O. car over a route 312 miles long, from El Paso to Tucson, when two clerks should handle the same mail in an apartment car?

Mr. SHALLENBERGER. I would like to have Mr. Grant answer that question, he having immediate supervision of those reports.

Mr. GRANT. East of El Paso we have apartment cars. There is a heavy mail comes from New Orleans and all that tributary territory. That mail for all southern California is worked west of El Paso. We have a connection down there from Kansas City which always takes a large amount of mail for that country. That mail must be worked somewhere. We have 40-foot cars now between El Paso and Tucson and along to Los Angeles, and with the volume of mail that is on that route we could not make the distribution in a 30-foot apartment.

The CHAIRMAN. The bulk of that mail is through mail after it leaves New Orleans, California mail, is it not?

Mr. GRANT. It is through mail over the intervening lines, but it has to be worked somewhere, and it is worked west of El Paso.

The CHAIRMAN. Is it necessary to have that service of 312 miles long to enable them to work the mail?

Mr. GRANT. Well, they are occupied all the time at it.

The CHAIRMAN. Could not the bulk of that through mail be carried in storage cars up to California, at least?

Mr. GRANT. I don't think so.

Mr. SHALLENBERGER. I would like to ask Mr. Grant what would be the effect if the mail was delivered at Los Angeles in storage cars without being worked?

Mr. GRANT. Just the same effect that there would be to carry the mail for any State right up to that State line and then attempt to distribute it. It takes time to distribute mail. Of course we have to distribute the California mail before we reach the California line.

The CHAIRMAN. What proportion of the full car is devoted to the mail in an apartment car?

Mr. GRANT. Thirty feet is the maximum, but the average would be much less than that, because they range down to 6 feet; they are 10, 12, 16, 20 feet—

The CHAIRMAN. Do you think that two clerks would need more than 30 feet of linear space in a car to work the mail west of El Paso?

Mr. GRANT. Well, yes; I think so.

The CHAIRMAN. You have, I understand, 40-foot postal cars on that line?

Mr. GRANT. Yes, sir.

The CHAIRMAN. That is only 10 feet more. You think that it is good administration, Mr. Grant, to put on a full car for that distance for two clerks and pay at the rate of 40 feet of space for a full R. P. O. car, when you could have 30 feet of space in an apartment car?

Mr. GRANT. I think so, sir.

Mr. SHALLENBERGER. It would involve a transfer of mail from the 40-foot car to the 30-foot apartment car, in the first place.

The CHAIRMAN. At what point?

Mr. SHALLENBERGER. At the point you have named—El Paso.

Mr. SNAPP. Who would make the transfer, the railroad company?

Mr. SHALLENBERGER. The employees of the railroad company, under the direction of the postal clerk. If the postal car were to be cut out there an apartment car would have to be provided in its place, and the same separation would have to be made, of course.

The CHAIRMAN. Can you tell what the expense to the Government is for that route from El Paso to Tucson—the annual expense?

Mr. CREW. About \$7,800, in round figures.

Mr. SHALLENBERGER. I would like to say, while we are on this point, that that is one of the subjects of inquiry to which I have referred, and there are routes in the great West where it will be found that our pay ceases at a point like El Paso, and the car continues; and then the R. P. O. pay begins again at a point farther west, where the intersecting roads throw an extraordinary quantity of additional mail upon the train.

The CHAIRMAN. But the pay does not cease on that particular route.

Mr. SHALLENBERGER. I am not familiar with that particular route.

Mr. GRANT. The pay is through from El Paso to Los Angeles.

The CHAIRMAN. Is there full R. P. O. car service from Kansas City to Denison, Tex., or is the route broken between those points?

Mr. GRANT. They run through, but I don't think it is one route.

The CHAIRMAN. It is a through line?

Mr. GRANT. Oh, yes.

The CHAIRMAN. The distance from Kansas City to Denison by the Missouri, Kansas and Texas is 411.27 miles. By the Frisco, between the same points, 479 miles, a difference of 68 miles in favor of the Missouri, Kansas and Texas. Is it true that there is now a full R. P. O. line from Kansas City to Denison on the Missouri, Kansas and Texas, another line of full R. P. O. cars from Sedalia, Mo., on the Missouri, Kansas and Texas to Denison, and a third R. P. O. line from Sedalia to Denison on the Missouri, Kansas and Texas via Parsons, Kans., making three full lines over the same territory?

Mr. GRANT. The same road; yes, sir.

The CHAIRMAN. What is the total expense of those three lines? Can you separate them? If not, give the total.

Mr. CREW. On all of the roads mentioned the R. P. O. pay is \$26,596.

Mr. GRANT. That does not take in the line from Sedalia to Parsons.

The CHAIRMAN. Pardon me; I mean the portion of the line from Parsons, Kans., to Denison; not the other end of the line.

Mr. GRANT. I have given the total for all routes.

The CHAIRMAN. Mr. Grant, do you think it is necessary to have those three R. P. O. routes on the same line?

Mr. GRANT. I think it is; yes, sir.

The CHAIRMAN. How do you justify it?

Mr. GRANT. I would like to explain there that we have had for a great many years two lines from Sedalia to Denison. That, years ago, was one of the great through channels for mail from the North to the Southwest. When they opened up this Kansas City connection we switched one of those car lines to the Kansas City line. We formerly had two from Sedalia down to Denison.

The CHAIRMAN. How many clerks are employed on those three lines that I have just mentioned?

Mr. GRANT. In the Sedalia to Denison line we have 36 men, and the Kansas City to Denison line, 21 men.

The CHAIRMAN. From Parsons to Denison what?

Mr. GRANT. That is included in that.

The CHAIRMAN. What volume of mail is carried on an average in those cars over those routes?

Mr. GRANT. Between Sedalia and Denison on that route there is a daily average of 15,758 pounds. That is the whole amount. From Kansas City to Denison—it runs from Kansas City to Parsons, where it joins the other route. There are two routes from Kansas City to Paola, and that is 9,600 pounds; and from Kansas City to Parsons it is a little over 7,000 pounds.

Mr. STAFFORD. Have you any tables which show the amount of mail carried on each separate line?

Mr. GRANT. Yes, sir; that is what I am giving you.

Mr. STAFFORD. You are giving the aggregate that is carried on all lines between those points.

Mr. GRANT. Do you mean the separate trains?

Mr. STAFFORD. The mail carried on separate trains.

Mr. GRANT. We would have that by going back over the routes, but we do not compile them separately.

Mr. STAFFORD. You have the data in the office?

Mr. GRANT. We can get it; yes.

The CHAIRMAN. Now, Mr. Grant, I want to ask you if there is a full R. P. O. line from Monett, Mo., to Denison, Tex.?

Mr. GRANT. Yes, sir.

The CHAIRMAN. That passes through Afton, Ind. T., to Sapulpa?

Mr. GRANT. Yes, sir.

The CHAIRMAN. Isn't it true that there is a train leaving Afton, Ind. T., at about 1.20 a. m., arriving at Sapulpa at 4.30 a. m., and another train leaving Afton at 1.40 a. m. and arriving at Sapulpa at 4.50 a. m., both carrying R. P. O. cars?

Mr. GRANT. I don't know; I do not have the schedules in my mind.

The CHAIRMAN. In other words, do you not duplicate the full R. P. O. service for that distance between Afton and Sapulpa, 90 miles, having two trains twenty-five minutes apart between 1 and 2 o'clock in the morning?

Mr. GRANT. If the schedule is as stated there; yes.

The CHAIRMAN. Do you think it is necessary to carry full R. P. O. cars on 90 miles of line only twenty-five minutes apart on two trains, at that hour of the day?

Mr. GRANT. The situation is this: One of those trains is probably the Kansas City and Oklahoma train and the other one the St. Louis and Denison train. They are entirely separate and distinct. They have separate volumes of mail, and you must handle it on separate trains because you can not get it together on one train.

The CHAIRMAN. Can you tell the committee what the cost is for those two services over that 90 miles between Afton and Sapulpa?

Mr. GRANT. Well, it is 90 miles for two lines, costing \$25 a mile; that would be about \$4,500 for the two lines.

The CHAIRMAN. If you modify your railway mail route so as to cut off one route south of Afton—

Mr. GRANT. We could not do that unless the trains came together somewhere.

The CHAIRMAN. Is it necessary that you should carry mail between Afton and Sapulpa after 1 o'clock in the morning and before 4 o'clock the same morning on two separate trains? Would it be of much disadvantage to the business of Sapulpa if that mail laid over at Afton until the next morning?

Mr. GRANT. That is not it; the two trains come down separately, one from St. Louis and the other from Kansas City; they are separate and distinct trains, and they run through to Sapulpa independently, and there is no way that we can get them together.

The CHAIRMAN. You can get the mail together by taking it off at Afton and putting it on the other train.

Mr. GRANT. That would be by delaying it.

The CHAIRMAN. How much delay would there be?

Mr. GRANT. Twelve hours, I think.

The CHAIRMAN. The only trains going south from Afton to Sapulpa are between 1 and 2 o'clock in the morning—

Mr. GRANT. I think there are other trains; I think there are two other trains that happen to get there at about that time.

The CHAIRMAN. What I am trying to inquire about is whether you think it is necessary, at an expense of several thousand dollars to the Government, to deliver mail over that 90 miles at that time of day, rather than let the mail be delivered a little later and save that much money to the Treasury?

Mr. GRANT. I think it is absolutely necessary to get the service.

Mr. SHALLENBERGER. The service would be imperiled between those two points if competing lines declined to connect and take up the mail one from the other.

The CHAIRMAN. But, General, the point I am making is this: Two trains leave only twenty-five minutes apart, about 1 o'clock in the morning, both carrying full R. P. O. cars. It seems to me that that is a service that would not be what you would call "imperiled" if an apartment car were provided for that route. You have just been explaining that there are many places in the West where long hauls are necessary to accomplish the through service, and that the roads carry the car on through without your paying for the full distance.

Mr. SHALLENBERGER. Yes.

The CHAIRMAN. Now, do you think a road would carry one of these trains on through even if you shortened the postal route at that point?

Mr. SHALLENBERGER. I have to assume that my representations justified me in authorizing R. P. O. pay on the two routes, because each route has mailable matter enough. If that be not true, then I have the authority to say that I will not pay R. P. O. pay on the one, but will pay apartment pay. But if I should combine the two, I have no reason to believe that I would not need two R. P. O. cars.

The CHAIRMAN. I have given these few instances taken at random simply to get from you, General, the degree of care exercised in the inauguration of the full R. P. O. service, and ascertain if it is not possible, without greatly impairing the service, to conduct this R. P. O. service with less appropriation than we have been giving from year to year.

Mr. SHALLENBERGER. In general I would say that our object has been right along the line of your inquiry, to so conduct the service

that a proper expedition can be given to the mail—a proper service to the people—at the lowest obtainable cost under the law.

The CHAIRMAN. Don't you think, however, that it would be good policy, and would not impair the service, to make in your administration of the service a decided check in the increase of full R. P. O. service and an enlargement of the apartment-car service?

Mr. SHALLENBERGER. I have been impressed with the importance of doing that, and I feel that I am doing as much as could be expected in that direction. I think Mr. Crew, himself in charge of the details, will say, and I think Mr. Grant, who makes the report which justifies Mr. Crew in taking up those reports, also will say that we are holding back the recommendations of our division superintendents sometimes for months just in order that we may force the use of apartment-car service and make a minimum of postal-car service. In line with that I have just been furnished a memorandum which will show that we are holding back at this moment recommendations of division superintendents for increased car space covering one full page, as shown here, and we are not acting upon their recommendations. There are from 45 to 50 of them.

The CHAIRMAN. Don't you think that if a less appropriation were provided for this service you could correct some of the things suggested by me in this southwestern territory by insisting upon apartment-car service where the volume of mail does not justify full R. P. O. service any more than has appeared here in these instances, and still take care of the real demands of the character you have just suggested that you are now holding back?

Mr. SHALLENBERGER. I think it possible in a specific case such as you have cited, which may not be as fully specific as some others, that we might be able to save a little R. P. O. service. I would say that I would deem it a favor if anyone can suggest to me a particular line on which that can be done, I will immediately take it up and have an investigation thoroughly made. But in view of the large number of cases which we are holding back, and which our division superintendents are writing us about, I do not believe that I can administer the service properly under the law as it exists with a less appropriation than we have had, because under the practice, as you will see, we do not exhaust the appropriation. Although this money is appropriated, we turn back into the Treasury and hold up from 45 to 50 cases recommended when we believe the interests of the Government should be protected.

The CHAIRMAN. My various inquiries are prompted by this proposition, that it is entirely practicable to have the through mail worked on one line and the other mail on other lines worked on apartment cars. That would reduce in many instances full lines of R. P. O. cars, and it would enable you with that unexpended fund, where the real demands arise, to take care of the service by more apartment-car service.

Mr. HEDGE. Did I understand that in this illustration you made, Mr. Chairman, the trains ran within twenty-five minutes of each other and over the same road?

The CHAIRMAN. Between the points I mentioned. My notion was to discontinue one of those lines between those points and let the mail be thrown off at Afton and worked on an apartment-car service on other trains.

Mr. SHALLENBERGER. That is a question of administration. I am entirely in sympathy with your object, but having had experience of eight years in the administration of the service, I would say, still, that we are moving along that line as fast as we deem it practicable, and the best expert testimony that I can get in the methods of handling mail on railroad trains, as compared with the handling of mail in city offices, the relative economy of administration as well as efficiency, justify me in believing that we are doing as much in that direction as it is safe to attempt.

Mr. STAFFORD. Since when have the railway post-office cars undertaken the separation of mail for the rural routes?

Mr. GRANT. Since the rural service started.

Mr. SHALLENBERGER. How many years, Mr. Grant?

Mr. GRANT. About five years.

Mr. SHALLENBERGER. Since the rural service became a fixed figure of the administration.

Mr. STAFFORD. How extensive is the rural mail being separated on the R. P. O. cars?

Mr. GRANT. Not to any great extent. Say there are three routes out of a city or town; if the amount of mail to be carried there justifies it, our people make up a separate package for them, or they must put it in and let it be separated by the local office.

Mr. STAFFORD. When you say "separated," do you mean by individual routes, or simply separated for all the routes together?

Mr. GRANT. I can not answer that question.

Mr. HEDGE. A clerk can tell in many cases, but nobody can tell by the address on a letter whether the man to whom the letter is addressed belongs on a rural route or not.

Mr. GRANT. Oh, no; they go entirely by the number of the rural route.

Mr. SHALLENBERGER. The instructions are that the number of the rural route shall be given on the corner of the envelope, say R. F. D. 2, or R. F. D. 3 or 4, and so on.

Mr. HEDGE. I know that in my country they do not do that. A man living at a certain place may change his address, and the postmaster at the post-office knows the address, but I do not believe the people generally who write him know the number of his rural route, or anything about it.

Mr. FINLEY. I am sure they do not.

Mr. SHALLENBERGER. In country places, especially. It is only where they desire to make the quickest possible connection with the railroad train, to have the rural carrier start out late in the day, on the arrival of a late train, when the time consumed in the local office in separating the rural carriers' mail would be very considerable, and where the mail can be separated on the R. P. O. train before arriving at the office.

Mr. GRANT. A large percentage of the mail is addressed to the route, and where it is so addressed our people try to put it up so as to relieve the local office of that particular work.

Mr. STAFFORD. By what order was that service instituted—I mean the separation of the rural mail on R. P. O. routes?

Mr. SHALLENBERGER. By this office, the office of the Second Assistant, charged with the dispatch of mail.

Mr. STAFFORD. Was it a distinct order that was promulgated for this service?

Mr. SHALLENBERGER. Oh, no; a service which was taken up when the local conditions, the peculiar conditions, suggested it and decided.

Mr. STAFFORD. Do I understand that a separate order is made by your department in every case where rural mail is separated on R. P. O. cars?

Mr. SHALLENBERGER. Special instruction is given in such cases as, when presented, they seem to justify the separation on the cars.

Mr. STAFFORD. Then there is no standing order?

Mr. SHALLENBERGER. No standing order.

Mr. STAFFORD. No order instructing the railway mail clerks to separate the rural mail for distribution on rural routes?

Mr. SHALLENBERGER. There is not.

Mr. STAFFORD. But in every individual case that is presented who passes upon it and gives express instructions?

Mr. SHALLENBERGER. We do.

Mr. STAFFORD. How many such cases have arisen in the past year?

Mr. SHALLENBERGER. I can not tell; I can not give the details. I simply can refer in a general way to a subject which has been brought to my attention.

Mr. STAFFORD. Is any one of your assistants here present able to give some information on that line as to the number of instances in which it has been ordered?

Mr. SHALLENBERGER. The general superintendent's office would be able to do that, if any.

Mr. GRANT. It comes under the general scope of the work. Instructions to all clerks are to make up mail for offices, separate offices, on star routes where the amount of mail justifies it. That practice was in operation for years before the rural free delivery started, and we simply continued it, taking in the rural free-delivery service.

Mr. STAFFORD. And make a separate separation for the mail to be dispatched on the rural routes.

Mr. GRANT. And then take it up as a part of the other work. They do not have to have a special order; it goes in the general instructions.

Mr. STAFFORD. I understand you that it rests with the railway mail clerk whether he makes a separate separation for the rural mail service or not.

Mr. GRANT. Largely.

Mr. SHALLENBERGER. Under the direction of the division superintendent.

Mr. STAFFORD. So it may be that, as at present practiced, the mail destined for distribution for rural service is being made up of three-fourths or more of the mail that is carried on the mail train for distribution?

Mr. SHALLENBERGER. There is no probability that that could be the case, because, as I have stated, the exceptional cases would be passed upon by the general superintendent under general instructions.

Mr. STAFFORD. There is some conflict between what you say is the understanding and what Mr. Grant says. You have stated it is based upon separate and individual petition virtually in each case. Mr. Grant states that it rests with the clerks to distribute it in any case under general instructions.

Mr. SHALLENBERGER. If you will pardon my reply to that, which is, that I see no conflict as to that, excepting that Mr. Grant failed to state, which I think he will now correct, that railway postal clerks make no separation of the mail in a changed form without the supervision and direction of the division superintendent, who himself is acting under general instructions, and does not appeal in all cases to the General Superintendent. He goes forward under general instructions, and the railway mail clerk goes forward under general instructions; so that unless there is a special case presented to my office, which, in turn, I would refer back to the General Superintendent, and he back to the division superintendent. We do not issue any particular instructions with reference to it. But this is a class of service somewhat like the separation of mail for city stations. We work it up on our cars wherever we can do it. We deem it more expensive to separate mail on trains than in the local offices, but we do it in order that whenever a train reaches a city at an early morning hour there would be no delay to that mail, as might be the case if the the city post-office clerk made the separation, so that when a train reaches a city at an early hour in the morning, say, the mail is already for the first morning delivery. We instruct our clerks to separate the mail on that particular train ready for the carriers when the train reaches the city. It is in line with that general policy that whenever we can do so, whenever we can facilitate the mail for the rural routes, we will do it.

Mr. STAFFORD. The conditions are only exceptional where you separate on the train the mail for distribution by carrier in cities?

Mr. SHALLENBERGER. Yes.

Mr. STAFFORD. It is the usual rule that all of the city mail, both for distribution by carrier and that for distribution in the post-offices, is in one quantity and not separated on the railway mail train.

Mr. SHALLENBERGER. That, I will say, is the rule.

Mr. STAFFORD. Wherein is there any pressing need for this high efficiency of service in the railway mail train to be extended to the rural routes, in view of the well-known fact that very little mail for distribution on rural routes is addressed so that the railway mail distributor can determine whether it is for distribution on a particular route or not?

Mr. SHALLENBERGER. I think there is very little need of it.

Mr. STAFFORD. Don't you think there could be a great saving if an absolute order was made forbidding the separation of mail for distribution on rural routes on railway mail trains?

Mr. SHALLENBERGER. I am inclined to think it would not seriously interfere with the service; but I am inclined to think now, having hastily given my reply to a little detail of the service about which I can not be cognizant to the extent that the officials themselves are, that I may have gone too far when I said that that was one of the duties of the railway mail clerk. I am inclined to agree with you that it would not only be rarely exceptional, but perhaps might be one of those cases that add to the expense on any road. But if the railway mail clerks have time to perform the service, and if the situation is such that it will be better, then I see economy of administration to continue it.

Mr. STAFFORD. You do not mean economy of administration?

Mr. SHALLENBERGER. I mean economy of administration in the sense that where our clerks would be otherwise idle they can relieve the clerks of the local post-office who may be busy at their duties. Wherever that is true, there is economy of administration.

Mr. STAFFORD. But wherever the clerks undertake this, as Mr. Grant stated, under their general rule, there would be demands for more and more clerks, more R. P. O. clerks, as the added business increases. If you made an absolute order forbidding that service, there is not that danger of extending the service to an undue point.

Mr. SHALLENBERGER. The only danger that I could suggest would be this: There are long rural routes demanding the utmost effort on the part of carriers after a mail train arrives at the noon hour, or shortly before, to carry their mail over their entire route, and if, in the administration of our service, we can aid them in doing so by having the mail ready for them when the train arrives, I should say that would be efficiency of administration and economy, joining hands with the rural carrier and the local post-office clerks in facilitating their separation, in order that they may cover that entire route properly.

Mr. STAFFORD. Taking up the question of economy of administration, I would like to ask who is supposed to undertake this separation if not separated by the railway mail clerks?

Mr. SHALLENBERGER. I understand that the rural carriers themselves must open and separate for their respective routes.

Mr. STAFFORD. Is it not the duty of the postmaster himself to separate the incoming mail? Is not that a part of his duties, for which he receives compensation?

Mr. SHALLENBERGER. It is, and that he must employ clerical force at the cost of the Government.

Mr. STAFFORD. Is there any necessity for a clerical force at a fourth-class office, from which these routes largely emanate?

Mr. SHALLENBERGER. They are not all fourth-class offices.

Mr. STAFFORD. Is there any compensation for clerks in the case of third-class offices where this service is demanded of postmasters?

Mr. SHALLENBERGER. My reference was made to the time consumed by the rural carriers who in those cases act as separators.

Mr. STAFFORD. My attention was diverted to your statement, in which you said that there is economy of administration in having mail for rural distribution separated on the railway mail cars rather than by the postmasters, who have allowances for that work?

Mr. SHALLENBERGER. Well, I am not technically insistent at all, and I will withdraw that word "economy."

Mr. FINLEY. Isn't it the rule, emanating from the Fourth Assistant Postmaster-General's office, that all mail intended for rural routes, where there is more than one rural route at an office, shall be separated by the postmaster and his force to this extent, that the mail for each rural route will be dropped in a box placed for the purpose of receiving the mail, and then when it is placed there by the postmaster or by his office force that the rural carrier takes that mail out of his box and sorts it and arranges it, and so on, for distribution along the line of his route?

Mr. SHALLENBERGER. Since you state it, I think it is, but I think that is a reasonable rule; but if the force in the local post-office could

be supplemented by the rural carriers I should say there is no objection.

Mr. FINLEY. My understanding of the rule is that work of that character by rural carriers is not encouraged by the Department.

Mr. SHALLENBERGER. I think you are correct in stating that.

Mr. FINLEY. The mail is first separated and placed in boxes for each route, which are numbered, and then the carrier takes the mail out of the boxes, sorts it, and gets it ready for distribution along his route.

Mr. SHALLENBERGER. I think that is correct.

Mr. FINLEY. What is the average weight of mail carried in R. P. O. cars?

Mr. SHALLENBERGER. I have not that information; it varies according to the number of separations required.

Mr. FINLEY. I meant for the last fiscal year.

Mr. SHALLENBERGER. The amount carried varies according to the number of separations.

Mr. FINLEY. You have that information, have you not?

Mr. SHALLENBERGER. At the weighing period; yes.

Mr. FINLEY. Could you furnish the committee with a statement of the average, based upon the amount carried during the weighing period for the past fiscal year, in full cars?

Mr. SHALLENBERGER. That would be impracticable, for the reason that we average our weights by train, apartment car, pouch service, and full R. P. O. service.

Mr. FINLEY. Then you have no data of that kind?

Mr. SHALLENBERGER. We have not.

Mr. FINLEY. Have your weighings been conducted in such a way that information of that sort could not be deduced from the weighings?

Mr. SHALLENBERGER. We tabulate the weight of the mail carried on each train, but not on each car of the train.

Mr. FINLEY. Can you give the average amount carried in apartment cars?

Mr. SHALLENBERGER. For the same reason we could not give that.

Mr. FINLEY. To arrive at some conclusion as to economy of service in each case, would it not be a good plan to have that information?

Mr. SHALLENBERGER. We can secure it, and we do, as I have said, in this special report, secure an estimate of the amount of mail carried before we pass upon the request for full R. P. O. service.

Mr. FINLEY. Can your office give a statement of information along that line?

Mr. SHALLENBERGER. I do not at present see how we could give a statement that would be at all intelligible.

Mr. FINLEY. Could you not use your report before you at the time when you arranged for the service?

Mr. GRANT. The mails are weighed on every car, and it would be a tremendous task to separate them and give the amounts carried on each.

Mr. FINLEY. Has the tendency in recent years been for the amount of mail carried on R. P. O. cars to be heavier or lighter than formerly?

Mr. SHALLENBERGER. Heavier than formerly.

Mr. FINLEY. The same is true of apartment cars?

Mr. SHALLENBERGER. That is true of all of our space, whether apartment or full car.

Mr. FINLEY. I observe on page 116 of the report of the General Superintendent of Railway Mail Service that you had in operation how many cars on June 30, 1905?

Mr. GRANT. At the close of the fiscal year 1,015 cars in use and 215 in reserve.

Mr. FINLEY. You do not pay for the reserve cars?

Mr. SHALLENBERGER. They are included in what we call the "line," which is paid for under the law, the line requiring one car each way and one car, if necessary, in reserve.

Mr. FINLEY. Then you do pay for the cars in reserve at the same rate as the cars in use?

Mr. SHALLENBERGER. We pay nothing for the reserve cars; they are included in the line, which constitutes three cars, if necessary.

Mr. FINLEY. There are 215 cars in reserve?

Mr. SHALLENBERGER. You will understand that a line includes a car each way every day. The reserve car can only be used when one of the regular cars for some reason or other is out of service. Therefore we are not paying for the reserve car, because it takes the place of a car out of service at that time. The full line constitutes a car each way every day. Three cars are necessary to equip a line.

Mr. FINLEY. The smallest number in use?

Mr. GRANT. Not necessarily.

Mr. SHALLENBERGER. If a line is heavy enough to require two or more lines of R. P. O. cars, the reserve cars must only be enough to supply the need of those lines.

Mr. FINLEY. Where there is only one line on a railroad, then there must of necessity be three cars.

Mr. GRANT. If the line is unusually short, one car may make the rounds; then we have a reserve car.

Mr. FINLEY. Suppose the line is long enough for you to require a car each way, then how many cars in reserve?

Mr. GRANT. One; but the line may be so long that it will require five cars.

Mr. FINLEY. Now, where a railroad has a number of branch lines and all make up one system, starting, say, at Washington, what is the necessity for carrying out that arrangement as to the number of cars in reserve for each line, when all the lines are owned by one main company, like the Baltimore and Ohio or the Pennsylvania?

Mr. SHALLENBERGER. I do not quite understand the question. If you are under the impression that we do require a specific number of reserve cars without any reference to the length of the route or the number of lines on the route, it is a wrong impression. We do not. When we authorize a line it means that a car shall run over the entire line both ways every day.

Mr. FINLEY. Would there be any way upon railroads to require them to keep cars in condition to perform this service without any pay for reserve cars?

Mr. SHALLENBERGER. That is just what we do; we require them to keep a sufficient number of cars ready for immediate use, so that if for any reason at any hour of the day or night a car is out of service they must have another to substitute for it promptly on demand.

Mr. FINLEY. How many cars did you pay for last year?

Mr. SHALLENBERGER. We did not pay by the car, Mr. Finley.

Mr. FINLEY. There are routes, you say, in which five cars are required?

Mr. SHALLENBERGER. We pay simply by the line.

Mr. FINLEY. On a line where there are five cars required, how many cars would you pay for?

Mr. SHALLENBERGER. According to the length of the route, per mile. We pay, under the law, so much per mile, and if that requires two cars, all right, and if one car will do, all right. If three or four cars are needed, they must furnish those cars, and they get pay per mile of length of route outward.

Mr. FINLEY. I can take the number of cars in use and the amount of money expended and see how much it averages per car. That is possible; it is a mere matter of calculation.

Mr. SHALLENBERGER. I think you can get it. The only question when you have gotten it is whether we understand each other as to what it means.

Mr. FINLEY. On page 25 of the report of the General Superintendent of the Railway Mail Service is the following language:

I have the honor, therefore, to respectfully recommend that the sum of \$6,110,000 be appropriated for railway post-office cars (exclusive of subsidized lines) for the fiscal year ending June 30, 1907.

What is meant by the words in brackets, "exclusive of subsidized lines?" Does that refer to the Pacific railroads?

Mr. GRANT. Yes, sir.

Mr. FINLEY. Does it include anything other than the Pacific railroads?

Mr. GRANT. I understand not.

Mr. FINLEY. The appropriation for Pacific railroads, then, is not carried in this item of \$6,110,000?

Mr. STONE. That is included in our annual rates, but it is not included in the cash actually paid. The Treasury Department withholds of the amount earned by the aided and unaided Pacific roads the annual rate of \$112,259 for which there is no cash expenditure, but it is counted in our annual rate as showing the total rate of service authorized.

Mr. FINLEY. What section of the country is greatest in need of the extension of this service at the present time—the R. P. O. service?

Mr. SHALLENBERGER. I really am not able to state; the whole country. I think the applications we have here, to which I referred, 45 or 50, cover the country very fully.

Mr. FINLEY. From whom do those applications come?

Mr. SHALLENBERGER. The division superintendents.

Mr. FINLEY. Of mail?

Mr. SHALLENBERGER. Of the railway mail service.

Mr. FINLEY. You are not able to give a statement as to the relative cost of carrying mail per pound on R. P. O. cars and the cost per pound for carrying mail on apartment cars?

Mr. SHALLENBERGER. I am not.

Mr. GARDNER. Referring for a moment to the separation of mail for rural free delivery by the railway post-office clerks, predicated upon the facts stated that it is not the custom of those people, gen-

erally, to address letters specifically to the rural route by number and as to whether there is or is not a saving or additional expenditure by reason of that practice; first, if a letter intended for Route No. 3 from Vincentown, for instance, is simply addressed to Vincentown, the railway postal clerk would not be justified, would he, in putting that letter in with the rural mail for that route?

Mr. SHALLENBERGER. He would not.

Mr. GARDNER. And then the postmaster has to go over the mail in order to complete the sorting for the several rural free-delivery routes, and if the mail has to be sorted in the post-office for the purpose of finding that which has not been addressed to the route, how much has been saved by the partial sorting on the car, if anything?

Mr. SHALLENBERGER. One of the cases that I have in mind which would possibly meet your question is this: A post-office is sometimes a half a mile and sometimes a mile and a half away from the railway station. The rural-carrier route may be long enough to make it extremely difficult for him to await the arrival of the train, the transfer of the mail to that post-office, its separation, and possible return to the station and beyond the station on his route, whereas if it was understood that we could make up the mail for that rural route and deliver to him at the station—no post-office—and find him there with the mail properly separated from the post-office ready to continue in an opposite direction on his route, it would expedite the handling of the mail on the route to that extent.

Mr. GARDNER. My question is predicated upon the statement, the fact, that it is not yet the custom of the correspondents in general to address their letters to the specific rural route on which the addressee lives. Now, Tabernacle, we will say, for a hundred years, more or less, has had a post-office. It is now included in rural free-delivery route No. 3, from Vincentown, and a letter is addressed by a former resident, any person knowing the place, to "Carlton Haynes, Tabernacle." The railway-mail clerk would not put that letter in route No. 3 for Vincentown, would he?

Mr. SHALLENBERGER. I will suggest that Mr. Grant answer that question.

Mr. GRANT. Our people keep track of all the discontinued offices on account of rural free delivery, and they send the mail to the offices from which they are supplied. In handling the rural free-delivery mail there is no real additional work, or very little, to our service, because we handle the mail for the old star routes, which did supply it in a great deal the same way.

If there is enough mail for one town to justify its being made in a separate package, our people who handle the mail are in the habit of keeping it by itself, whether it is on a rural route, a star route, or supplied by messenger service from these station offices. They did that under the old star-route system. If Tabernacle was a point out on a star route, and it got enough mail, say 6 or 8 or 10 letters, the clerk working the local mail would tie them up in one package. Our people who handle the local mail keep sufficiently in touch with their local service to know those things. If the mail is addressed to the rural routes they can tie the routes up separately, if there is enough to do it, but they can not keep track of the individual if the route is not on the letter. Then it goes into the station office where it is addressed.

Mr. GARDNER. So far as your answer is responsive to my question, that particular letter would go to the office from which Tabernacle is supplied. That means the post-office at Vincentown, and the mail may either be sorted in Vincentown or that letter will lie there until it is found by the postmaster, who will know by what route it ought to go and be sent out the following day. Now, one of two things must occur. Either that letter will go into the Vincentown post-office and go into the general delivery and the discovery will be made some time that it should be delivered to the man on route No. 3 out from Vincentown, or else a thorough assortment must be made at the post-office before the carriers go out with that mail. That letter will either be found that day or some other day. If it is found that day it is in consequence of an assorting of the mail for the purposes of discovery of what has been omitted from the rural delivery package that the writers intended for them. If not found that way it will be found later, because the letter does not belong in the general delivery. Now, you have no knowledge, I suppose, which of those two things would occur?

Mr. GRANT. I can hardly imagine that state of affairs to exist. Tabernacle is in the vicinity of this station office. The postmaster certainly knows. If Tabernacle is an old office our clerks in the office know it, and if it is supplied by rural free delivery from Vincentown they know that. They would put it in a package to Vincentown, where the postmaster would know it and send it right out, or they would put it in a rural-route package, which would go right out. I can not imagine it would be delayed.

Mr. GARDNER. The letter would be either delayed or the letter must be re-sorted at the postoffice and discovered there. You presume the postmaster would discover it. Then it must be that he discovers it by a re-sorting of the mail. If that mail has been re-sorted there, what has been changed by the sorting on the car?

Mr. GRANT. If he re-sorts it it has not been sorted on the car. If they are offices supplied by rural routes the mail goes into what we call distribution packages. The station office is bound to distribute that. So it is not really re-sorted.

Mr. GARDNER. You state that the postmaster would know where to send that letter, but the postmaster does not know anything about it until he finds the letter. Now, you say there is no re-sorting. How is it he came to find it? You get around the question I am trying to ask. I am trying to find out the process by which the postmaster would find that letter, and I assume that he finds it because the mail is re-sorted. You say there is no re-sorting in one breath, and in another you say that the postmaster would send the letter to its proper destination?

Mr. GRANT. I think the misunderstanding is due to the meaning of the word "re-sorting." If we put that mail which is supplied from Vincentown into this package for Vincentown, that is the natural place for it, but if we sorted it for the rural route, it would not be in there, it would be sorted by our people to the rural route.

Mr. GARDNER. But where a letter is not addressed to a rural route, as I understand, it would not be put in the package for the rural route?

Mr. GRANT. I did not mean to convey that idea. It is the business

of our clerk, if he knows Tabernacle is on the rural route from Vincentown, to put it in there.

Mr. GARDNER. And he would do that?

Mr. GRANT. Yes, sir.

Mr. GARDNER. Can you give any estimate of the additional expense to the railway mail department of the sorting of the rural mail into routes on your cars? Suppose that was made the general practice or a part of the law; considering the number of rural routes we now have, could you make any sort of an estimate of the added expense?

Mr. GRANT. No, sir; but I think it would be very little, if any. Rural routes do increase the amount of mail. As far as the service is concerned there would be little or no increase.

Mr. GARDNER. If I understand you, the clerks have to handle all the mail now and there is not much difference in the consumption of time as to where they put it after they have it in their hands?

Mr. GRANT. If they have enough mail for a particular route to tie it up separately, they do it just as they used to do it for offices on star routes.

Mr. SHALLENBERGER. May I just add my understanding of the situation as to star routes and see whether it tallies with the views of Mr. Grant and Mr. Stone. We have, say, six post-offices on a given star route. One practice has been when the railway mail clerk was separating mail to go to any one of these offices to sort it all into a box which collects the mail for the dispatch office on the star route, the railway office on the star route, so that all mail for the six offices, together with the mail for the dispatch office at the railway, goes into one box and eventually into one bag, throwing upon the postmaster at the dispatch office the duty of going all over that mail piece by piece, picking out the mail which belongs to himself and then dumping back into the bag the mail for the remaining six offices. That mail reaches the first office from the railroad and that mail would again be rehandled by the postmaster piece by piece and he would take out what belongs to him and dump the mail for the five offices back into the bag. That is an unnecessary and extravagant expenditure of labor. So we say to the railway mail clerk, "You have mail for six offices on a star route other than the dispatch office. Throw that mail together in six different apartments, and when you have finished, tie them up and you have six packages to handle when it reaches the dispatch office instead of 100 or 150 pieces." It does not delay the mail longer than to take out the bundle which belongs to him and to dump the balance back into the bag, and the next postmaster takes out the bundle for him.

Mr. GARDNER. That labor done by the postmaster under the system you describe did not cost the Government anything?

Mr. SHALLENBERGER. It simply delayed the mail.

Mr. GARDNER. It delayed the mail or not, according to whether the carrier made up the schedule for those delays. Now, did it make any difference in the star-route bidding? Is the additional cost, whatever it is, to the Railway Mail Service saved in the cost of the star-route service?

Mr. SHALLENBERGER. The slight additional cost to the Railway Mail Service, in view of the fact that the clerk has to look at each of these letters and can go through them in separate piles, as one, the

cost, very slight, is made up—if I might venture a guess—in view of the fact that the star-route carrier can perform his trip in a shorter time.

Mr. SNAPP. That separation steadily increases the necessity for full R. P. O. cars; it steadily increases the necessity for more offices?

Mr. SHALLENBERGER. To a limited extent, it does; and is only used where justified; and where the separation is made by the postmaster he is often given a separation allowance.

Mr. STAFFORD. He gets a separation allowance for the amount that he handles?

Mr. SHALLENBERGER. Yes, sir; and that would be considered before making an allowance.

Mr. STAFFORD. Are you sure that when the packages are tied up all ready for distribution for a separate office along the star route that the postmaster does not receive pay for each individual letter or piece contained in that package?

Mr. SHALLENBERGER. He would not handle them. He would not open the package. The bureau having charge of that considers all those matters.

Mr. STAFFORD. As I understand, the basis of pay is for each individual letter or parcel, although where this mail has already been distributed on the railway mail car the work for which the postmaster receives pay is done by the railway mail clerk. General Shallenberger, you testified a little while ago that one cause for the large increase in this item is due to the "fineness"—to use the technical term, as you stated it—of the service in handling more separations. Is not this separation into rural routes an instance of the "fineness" of service that you speak about?

Mr. SHALLENBERGER. That is true, but it is a comparatively small proportion of the general separation.

Mr. STAFFORD. Is it not true in the post-office cars that leave large cities that there are going to be separate pigeonholes for each route leaving the cities or towns or villages that are immediately adjacent to the place, that it will require extra labor and extra service in order to separate it, whereas that would be avoided if they merely distributed the mail entire for the office without distinction whether it was delivered at the post-office or for delivery on the rural routes?

Mr. SHALLENBERGER. My understanding is that there are no special boxes provided for such post-offices and star routes; that there was some box or space that was used for a variety of purposes in which the mail for star routes is carried.

Mr. STAFFORD. In the distribution of this mail as it is now carried on, whether it is for any local office in particular along the line or whether it is subdivided and segregated again so as to have it for the carrier delivery on the rural route or for the post-office alone, is not that mail gone over successively as the mail is received from the stations along the line; that they have to go over that mail more than once?

Mr. SHALLENBERGER. No, sir. I think the effect of it is to reduce the number of handlings of mail, as I have just said. The postal clerk in the car when he handles the mail once through the separate apartments handles it for all occasions in which it is used. For instance, he ties it up. Then it is passed from office to office without

interference, whereas but for that it would have to be handled separately in each office and thrown loose into the bag.

Mr. STAFFORD. As I understand the practice, as the mail nears the point of destination they shape it up more minutely—that is to say, it is combined first into States and then divided into cities, and so on until it comes to the point when it is thrown off the car?

Mr. SHALLENBERGER. That is true. Those handlings are reduced.

Mr. STAFFORD. And that if it is going to be divided so as to have separate distributions for that long number of rural routes for the individual post-offices it must of necessity require more handling than if it was just simply for the post-office by itself.

Mr. GRANT. It is only handled by the men on the line which it is on. Take, for instance, the work for the State of Iowa on the New York Central and Lake Shore road. They work the rural routes and everything, but rural routes themselves are not handled again until they get out to the route—that is, the delivery to the station office. That man is the only one who takes any cognizance of these rural features, and he will have probably in his letter case a box, we will say, for "Jamestown," and right under will be "Jamestown Dis.," and the Jamestown city mail goes into the upper box and everything supplied from Jamestown goes into the bottom box as he goes along in the course of his work. As he runs along, the letters are sorted out, and if there are letters for rural route No. 1, or for Tabernacle, we will say, he ties them up separately—that is, he does the local work to that extent right in the course of his own work.

Mr. STAFFORD. But while not engaged in this work he might be engaged in some work for which you have another clerk?

Mr. GRANT. It hardly takes enough time for that.

Mr. FINLEY. I have observed that some mistakes are made in the distribution of mail even by railway mail postal clerks. When they undertake to separate this rural mail by routes there is the same likelihood of making mistakes as there is in the mail generally, is there not, and in the event they did make the mistake in separating a letter, then that letter would go to some other route that day and would not reach the person on the route for whom it was intended? So there are some disadvantages as well as advantages.

Mr. GRANT. A clerk on the car is not more likely to make those errors.

Mr. SHALLENBERGER. As to whether or not we may reduce the expenses of separating mail, whether by railway mail clerks or by post-office clerks, that subject has been before us for the last two years and has resulted in our securing from publishers of newspapers and from the large senders of uniform circulars the separation of the mail by themselves before they throw it upon either the railway postal car or the post-office to an extent which reduces the amount of clerical labor greatly, indeed. We make this request now of the publishers, that whenever they have five or more pieces of mail for any given post-office that they tie those pieces together themselves, so that in all handlings there shall be the handling of a package instead of five handlings of five separate pieces.

Mr. FINLEY. That is set out in your report very clearly. Referring to a matter which I did not quite finish, I observe the statement in regard to the construction of mail cars, cars for use in the railway mail service. That applies to the R. P. O. cars as well as to others?

Mr. SHALLENBERGER. It applies specifically to the R. P. O. cars.

Mr. FINLEY. About what is the cost to the railroads of building one of those cars?

Mr. SHALLENBERGER. From \$6,000 to \$7,000, according to the information we have.

Mr. FINLEY. The mail carried on a post-office car is paid for by weight the same as carried on apartment cars or otherwise in the service?

Mr. SHALLENBERGER. Yes, sir.

Mr. FINLEY. The calculation shows that, taking 1,015 as the number of R. P. O. cars in actual use last year and excluding the subsidized lines or Pacific Railroad lines, the average amount of money paid for each was \$5,427.62, and including the amount withheld from the Pacific railroads that the amount paid for each car was \$5,538.09. Do you think there is any prospect of reducing the average cost per car engaged in that service?

Mr. SHALLENBERGER. My only suggestion would be that if the payment for full R. P. O. service is reduced it should be extended to the use of space on apartment cars to compensate the railroads for the difference between the space required to handle bulk mail and the space required to do the work of the post-office in separating mail.

Mr. FINLEY. We got your views on that subject yesterday, but what I was asking you was about the prospect of securing a reduction in the cost per car.

Mr. SHALLENBERGER. That rests with Congress entirely.

Mr. SNAPP. I notice from the statement, there being 1,015 cars in use and 215 cars in reserve, that the proportion of the reserve cars to those in use is about one in five. Is there any system adopted by the Department as to the proportion of cars in reserve? How is that arrived at?

Mr. SHALLENBERGER. There is no system beyond my former statement that when we authorize a new line of R. P. O. cars we require from the company that we will have a car in daily use both ways and a car in reserve; with that assurance and understanding we authorize the line. It may be that a car in reserve will serve more than one line, more than two lines, dependent on the conditions, the company agreeing to maintain enough reserve cars to supply the lack of a car at any point on their line.

Mr. SNAPP. What authority of law have you for requiring any company to hold any cars in reserve before you authorize the R. P. O. service?

Mr. SHALLENBERGER. We have only the authority of securing an adequate and satisfactory service. They might decline to furnish the reserve cars and we would deduct from their compensation full value of that service for that day, but that would not secure the service. Deducting the compensation due to a car which is out of service would not secure the service. Hence we say that the duty of the Postmaster-General gives him authority to exact from them the duty of providing adequate and satisfactory daily service regardless of the fact that a car may be needing repairs and out of service or not and devolves the duty upon him of seeing that when a line is authorized it is for the purpose every day of the week and every week of the year.

Mr. SNAPP. What I am trying to get at is this: It appears that

there are 1,015 cars in use which, at an average cost of \$6,000, would represent a capital investment of something over \$6,000,000; that there are 215 cars in reserve, which are not in use, at an actual cost of something like \$1,500,000, for which the company receives no compensation?

Mr. SHALLENBERGER. I would like to correct my former statement; they do receive compensation, the regular compensation that is provided for daily service without failure.

Mr. SNAPP. As I understand, the companies are paid for these cars according to the mileage run; is that right?

Mr. SHALLENBERGER. According to the length of route in the mileage run.

Mr. SNAPP. That is the same thing, is it not, according to the length of car and mileage run?

Mr. SHALLENBERGER. Mileage run would be both ways; length of route is one way.

Mr. SNAPP. With that amendment, then, is it not a fact that 215 of these cars are not in use in the carrying of mail; that is, there are 215 cars idle the entire year?

Mr. SHALLENBERGER. It may be so assumed.

Mr. SNAPP. And that the different railway companies have something like \$1,500,000 invested in these cars for which they receive no compensation?

Mr. SHALLENBERGER. That follows.

Mr. SNAPP. Then does it not follow that if the Government were not so stringent in these regulations and tied up this amount of capital for which they receive no compensation that Congress might more reasonably reduce the compensation for cars actually in use?

Mr. SHALLENBERGER. That is a fair assumption.

Mr. FINLEY. What is the life of an R. P. O. car, about twelve years?

Mr. SHALLENBERGER. Various statements have been made. Mr. Grant, what is the information about the life of our present post-office cars?

Mr. GRANT. It is utterly impossible to tell.

Mr. FINLEY. Approximately?

Mr. GRANT. The information we get from car experts varies from five or six years up to twenty years. A car is built and the first year it goes into the shop and some parts are repaired, and they will keep a car alive for eighteen or twenty years and it is still a good car, but it is really a new car, because every part that is apt to wear out has been replaced.

Mr. FINLEY. Can you tell what would be the cost of a car, assuming that it cost \$6,000 for building and the life of it is twelve years, taking in the average repairs for ten years?

Mr. GRANT. The last time I went into that I think that they figured up that the expenses of a car were something like——

Mr. FINLEY (interrupting). I mean for repairs.

Mr. GRANT. That was all included in the \$1,200 or \$1,300 as the cost of running a car over and above the wheelage.

Mr. FINLEY. Each year?

Mr. GRANT. Yes, sir; that includes the lighting, heating, repairing, and everything of that kind.

Mr. SHALLENBERGER. Does that include the cost of carriage?

Mr. GRANT. Not at all. That is entirely dependent upon the wheelage. That is the cost of keeping the car in perfect repair during the year.

Mr. SHALLENBERGER. In other words, it corresponds somewhat to the charge of a livery man who will give you a price for a horse and buggy for the entire year as against the original cost of the horse and buggy.

Mr. STAFFORD. You estimate the number of R. P. O. cars that will be needed by reason of the increased service during the coming fiscal year?

Mr. STONE. We have not made any estimate of the number of cars which will be needed by reason of the increased service.

Mr. STAFFORD. Six thousand dollars now provides for the payment of a full R. P. O. car?

Mr. STONE. Yes, sir.

Mr. STAFFORD. Is not your estimate based upon the fact that more cars will be needed?

Mr. STONE. More lines of cars, but we do not make the estimate by car.

Mr. STAFFORD. How many new cars were added to the service during the fiscal year ending June 30, 1905?

Mr. STONE. The report gives the full number; that would tell exactly, but I do not know.

Mr. SNAPP. I notice in your report that there are a good many instances where there are half lines of R. P. O. cars between certain points. I wish you would explain what that means.

Mr. SHALLENBERGER. A half line of cars is authorized when the reports show a large enough volume of mail going one way to require the space for separating purposes, but do not show a sufficient amount of mail the other way to justify any increase of compensation for space.

Mr. SNAPP. Is the railway company paid for the use of the car both ways or one way only?

Mr. SHALLENBERGER. In all half-line authorizations the railroad company receives half the lawful pay to the line.

Mr. SNAPP. Is the Department, under the law, authorized to establish any but whole lines?

Mr. SHALLENBERGER. We have assumed our discretion was to establish or not to establish a line, and we have made the condition in certain cases that we would only establish a half line. The company need not accept the pay. We can command two apartment cars in lieu, although at considerable disadvantage.

Mr. SNAPP. But wherever you have established a half line the company is compelled to haul free of charge or deadhead this car one way over its road?

Mr. SHALLENBERGER. It agrees to do so before we authorize the pay.

Mr. SNAPP. That is, you establish the half line upon their agreement to haul the car deadhead one way?

Mr. SHALLENBERGER. Yes, sir.

Mr. SNAPP. Then the company hauls the car one way deadhead, receiving compensation only for half the service rendered?

Mr. SHALLENBERGER. Receiving compensation for service rendered, which we may conclude is not for the Government on the return of the car.

Mr. SNAPP. I do not mean to say that they do not receive all that the Government has agreed to pay them, but, as a matter of fact, do they not only receive compensation for half service? They furnish the car and haul it both ways on the road and are paid for hauling it one way only.

Mr. SHALLENBERGER. Yes, sir.

Mr. STAFFORD. Where an R. P. O. line is established on a half-line basis, is the car in use by the Railway Mail Service in both directions?

Mr. SHALLENBERGER. Sometimes it is and sometimes it is not.

Mr. STAFFORD. What is the general rule—that the car is returned without any clerk using it?

Mr. GRANT. The car goes where it is used as an apartment.

Mr. SHALLENBERGER. The company may return the full R. P. O. car and allow our clerks to stay in it, or provide an apartment car 30 feet in length, which means an additional car in the train, and very frequently permits us to use the car on the return.

Mr. STAFFORD. Another application of the discretion that is exercised is limiting the pay to the railroad for the length of car sufficient, as in the case of a 60-foot car, that is used when only a 40-foot car is required?

Mr. SHALLENBERGER. Just so.

Mr. STAFFORD. And making the payment on the 40-foot basis?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. The next item is "Railway Mail Service," and in the estimates of the Department for this service you have omitted certain officials, including the General Superintendent and what may be termed his office force, and stated that provision is to be made in the legislative appropriation bill for these items?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. What is your reason for this change of appropriation from the post-office appropriation bill to the so-called departmental appropriation bill?

Mr. SHALLENBERGER. By reason of the reorganization of the Department, requested and directed by the Postmaster-General.

The CHAIRMAN. The general employees of the Department that are not properly departmental employees would still be provided for under this bill?

Mr. SHALLENBERGER. They would.

The CHAIRMAN. Then, do I understand that in what you call the new organization these officials are departmental officials and not employees of the Railway Mail Service? Is that the explanation?

Mr. SHALLENBERGER. To the extent that the inspectors employed in the Department are departmental officers and the superintendent and the force in the rural free delivery are departmental officers as distinguished from those engaged in the field.

The CHAIRMAN. So far as the administration of the service is concerned it is of no consequence to your Bureau whether these persons are provided for in this appropriation bill or in the legislative appropriation bill?

Mr. SHALLENBERGER. We have so stated to the Postmaster-General.

I might say in justice to the General Superintendent of the Railway Mail Service that he has expressed his views as in favor of the retention of the Railway Mail Service force located in the Department on the postal bill, but after a careful review of the reasons assigned by the Postmaster-General, together with my own convictions on the subject, I have come to the conclusion that a better organization of the Department and administration will be secured by the changes recommended in this section.

The CHAIRMAN. You recognize that such changes can not be made except by legislation?

Mr. SHALLENBERGER. I do.

The CHAIRMAN. And that it would require the authority of Congress.

Mr. SHALLENBERGER. It does.

The CHAIRMAN. I was going to call attention to some legal decisions, but there is no need of burdening the record with that admission.

Mr. FINLEY. In the departmental service you have one General Superintendent, at \$4,000; one assistant general superintendent, at \$3,500, and one chief clerk, office of General Superintendent, at \$2,000. My recollection is that for a number of years the Department has recommended that the salary of the chief clerk, General Superintendent's office, be made \$2,500, and I also note that the same recommendation is in the report of the General Superintendent of the Railway Mail Service. I would like to ask you something about the duties and responsibilities resting upon this clerk, and your judgment as to the advisability of this increase, in the event the committee sees proper to make it?

Mr. SHALLENBERGER. Personally I should be glad to see it made. I did not include it in my report as among the recommendations, for the reason that I desired to be in line with the policy of the Department this year particularly, which was not to recommend increases of salary anywhere, nor to increase the clerical force where it could possibly be avoided, and hence the committee will see that I have not recommended an increase of the clerical force.

Mr. FINLEY. And that is your sole reason for omitting the recommendation this year?

Mr. SHALLENBERGER. Yes, sir.

Mr. FINLEY. I wished to ask about that. I am not acquainted with the gentleman. I believe Mr. Hollyday fills the position?

Mr. SHALLENBERGER. Yes, sir.

Mr. FINLEY. I am not acquainted with him personally, but I have heard quite a number of people speak of his efficiency and long service.

The CHAIRMAN. How many assistant superintendents of the \$1,600 grade are now employed in the service?

Mr. SHALLENBERGER. Eighteen.

The CHAIRMAN. You will recall that when authority was given for an assistant superintendent of foreign mails at New York, the statement was made by you to the committee that it was your intention to take one of the assistant superintendents and advance him to the position of assistant superintendent of foreign mails at New York, and not to fill the vacancy?

Mr. SHALLENBERGER. I think that is correct.

The CHAIRMAN. The committee inadvertently failed to reduce the number of that class by one after they had created the position of assistant superintendent of foreign mails at New York. In that event the authority which is now in the law for 23 assistant superintendents could be reduced, could it not?

Mr. SHALLENBERGER. It could be if it were decided that we should have an assistant superintendent of foreign mails. The appointment has not yet been made. The conditions have been such as to incline the Postmaster-General to delay filling that place for a time, so that we are still using in the field the assistant superintendent whom we expect to promote.

The CHAIRMAN. But if the assistant superintendent of foreign mails at New York were not utilized then that could be discontinued in the appropriation?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. Do you recommend the discontinuance of the assistant superintendent of foreign mails at New York or a reduction in the number of assistant superintendents in the field?

Mr. SHALLENBERGER. I would suggest that the number of assistant superintendents in the field be reduced by one. I consider the other position as the more important.

The CHAIRMAN. How many railway mail clerks were there in the service on June 30, 1905?

Mr. SHALLENBERGER. Mr. Grant will answer that question.

Mr. GRANT. There were 12,474.

The CHAIRMAN. How many were possible of appointment under the authority of the law for the year 1905? In other words, were there any authorized and unassigned on the 30th of June, 1905?

Mr. GRANT. There were.

The CHAIRMAN. You said that on the 30th of June, 1905, there were employed in the service 12,474 clerks?

Mr. GRANT. That includes the officials.

The CHAIRMAN. Yes, sir; and, by the way, that appears in the table on the first page of the report of the General Superintendent for 1905, but on page 312 of the report there is a table showing the annual salaries of Railway Mail Service employees on June 30, 1905, and give the number as 12,284. What is the explanation for that discrepancy of 190?

Mr. GRANT. One is the actual number of persons on the rolls on that date; the other is the actual number of places, including vacancies. There are always many vacancies in the service.

The CHAIRMAN. Then the number of appointments was 12,284, and there were 190 vacancies unfilled, but which could be filled under authority?

Mr. GRANT. Yes, sir.

The CHAIRMAN. The number of unassigned, then, would be increased by the 190?

Mr. GRANT. I understand these figures shown in the book are the actual number of places that we have availed ourselves of—made appointments to. The other table is the same number, including the

vacancies that exist. The other number is the number appropriated by the committee, but not used by us in the various classes.

Mr. SHALLENBERGER. That would not include the 190?

Mr. GRANT. No, sir.

The CHAIRMAN. The larger number would include the 190. The 12,474 would include the 190; that is, 12,474 is 190 more than the 12,284?

Mr. GRANT. Yes, sir.

Mr. SHALLENBERGER. The 12,474 was the number authorized. The number appropriated for was 12,531, and that would make available 57.

The CHAIRMAN. But, if there were any vacancies they could be filled?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. How many clerks were actually employed in the service on the 1st day of January, 1906, including the general officers?

Mr. GRANT. On the 1st day of January, 1906, there were 13,035.

The CHAIRMAN. Does that number include any vacancies that might be filled under authority of law or was that the number actually employed?

Mr. GRANT. The number actually employed, and of the number appropriated for there were still 660.

The CHAIRMAN. That might be employed for the balance of the fiscal year?

Mr. GRANT. Yes, sir.

The CHAIRMAN. How many of the 660 would probably be employed? All of them?

Mr. GRANT. Up to January 25, that is the last statement I have, we had a balance of 533, and you see that is 127 in the twenty-five days.

The CHAIRMAN. You ask for 895 additional clerks for the year 1907?

Mr. GRANT. Yes, sir.

The CHAIRMAN. So that, Mr. Grant, from the 1st day of January, 1906, until the 30th day of June, 1907, a period of eighteen months, you would have available 1,555 clerks; that would be the 660 left on the 1st day of January plus the 895?

Mr. GRANT. Yes, sir.

The CHAIRMAN. In this estimate for the year 1907 for the additional service, have you made any calculations which provide exclusively for the promotion of clerks?

Mr. GRANT. I think I can say we have not.

The CHAIRMAN. In a letter addressed to me under date of January 13, 1906, by the Postmaster-General, and bearing the initials "W. S. S."—meaning Mr. Shallenberger—in answer to a communication of mine asking what part of this estimate was intended exclusively for promotions, this language is used:

If it was your intention to ask if any of the increase in this year is to be applied to the promotion of any set of clerks, then I will state it is not.

And later in the same letter appears this language:

The following table will probably give you what you desire.

Then follows a table in which you show "Balance for promotions, \$199,781."

I confess that I am unable to understand that item in view of the statement in the letter. Can you throw any light upon it?

Mr. GRANT. I think it was made as clear as we could make it.

The CHAIRMAN. A little later in the table it is stated:

Total increase asked for 895 clerks, \$1,071,000; less amount for promotions, \$199,781.

In view of your testimony that none of this estimate is for promotions, I do not understand the item in this table referring to promotions amounting to \$199,781.

Mr. GRANT. It is just this way: Under our regular organization we are entitled to a \$1,400 clerk, a \$1,200 clerk, a \$1,100 clerk, and a \$1,000 clerk in a crew. That is the regular organization of the service. When that \$1,200 man dies or resigns that leaves a vacancy. We have not enough \$1,200 places allowed for the year to complete our organization on all of the lines, and consequently we can not fill that place, because we would be exceeding the number of \$1,200 persons allowed.

If you mean that no part of the promotions is to fill the service up to its regular organization, then I say there is no money for promotions. I explained that three years ago when the committee allowed a special class of \$1,500. That is what I understand you to mean when you say promotions. We had to take so many—150 or 160—\$1,400 men and raise them to \$1,500 under that act. Then about the next year you allowed the \$1,100 class. That permitted us to promote so many \$1,000 men to \$1,100. That raised the regular organization of the service. That is what I understand by promotions. But that any part of the appropriation is to fill the regular organization of the service as it exists and as recognized by the Department to fill any regular place in the Department, I do not understand it. When we promote a \$1,000 man to a vacancy in the service I do not understand that is what you mean by promotions, because that is not additional; it is filling a \$1,200 place just as you would fill a \$1,200 place in the Department.

The CHAIRMAN. There was transmitted with this letter which I have referred to a very clear understanding of the matter to which you have referred, and I will put it in the record for the information of the committee.

The paper referred to is as follows:

REORGANIZATION, RAILWAY MAIL SERVICE.

Apartment-car lines less than 90 miles long, \$10 per mile per annum for the daily average miles run.

Apartment-car lines over 90 and less than 100 miles long, \$900 per annum.

Apartment-car lines over 100 miles and less than 125 miles per day, \$1,000 per annum. If two clerks needed to crew, \$900 and \$1,000 per annum.

Apartment-car lines over 125 miles a day, having two clerks to a crew through, requiring 25 feet of space and distribution, the same as on full R. P. O. lines, \$1,200 and \$1,000 per annum. If but one clerk is needed to a crew, \$1,100 per annum.

Apartment-car runs on other than full R. P. O. lines and complying with the same requirements as above, \$1,100 and \$1,000 per annum.

Full R. P. O. lines—One car.

	Per annum.
Two clerks to a crew:	
One of class 5	\$1,400
One of class 4	1,200
Three clerks to crew:	
One of class 5	1,400
One of class 4	1,200
One of class 3	1,000
Four clerks to crew:	
One of class 5	1,400
One of class 4	1,200
One of class 4	1,100
One of class 3	1,000
Five clerks to crew:	
One of class 5	1,400
One of class 4	1,200
One of class 4	1,100
Two of class 3	1,000
Six clerks to crew:	
One of class 5	1,400
One of class 4	1,200
Two of class 4	1,100
Two of class 3	1,000
Seven clerks to crew:	
One of class 5	1,400
One of class 4	1,200
Two of class 4	1,100
Three of class 3	1,000
Eight clerks to crew:	
One of class 5	1,400
One of class 4	1,200
Three of class 4	1,100
Three of class 3	1,000

Any helpers running over part or whole of the line are of class 2, at \$900 per annum.

Full railway post-office (2 cars).

	Per annum.
Six through clerks to each crew:	
One of class 6	\$1,500
One of class 5	1,300
Two of class 4	1,200
One of class 4	1,100
One of class 3	1,000

Seven through clerks same as for 6-clerk crew with the addition of one clerk of class 4, at \$1,100 per annum.

Any additional clerks over 7, \$1,000 per annum.

R. P. O. lines (3 cars).

Nine clerks to crew, \$1,500; 3 clerks to crew, \$1,300; 2 clerks, \$1,200, and 3 clerks, \$1,100. All additional clerks at \$1,000 per annum.

For each additional car there may be 1 additional clerk at \$1,300, 1 at \$1,200, and 1 at \$1,000. All additional clerks \$1,000 per annum.

Mr. SHALLENBERGER. Perhaps I should suggest that the 895 clerks asked for would be reduced by the transfer of 33 to the legislative bill.

The CHAIRMAN. Yes, sir; that includes those. Of course the increase would be reduced that number if there should be a transfer of a corresponding number to the legislative bill; but, Mr. Grant, in this communication you speak of the item for 895 clerks, which includes all asked for by the service for the next fiscal year, \$1,071,000. If we appropriated that item and omitted the \$199,781, would you not be able to carry on your organization and appoint the 895 clerks?

Mr. GRANT. I think, Mr. Chairman, we would, if you give us the number.

The CHAIRMAN. That is what I mean.

Mr. GRANT. We are not bothered with the money, it is the number.

The CHAIRMAN. If the full number asked for, including these clerks that have been tentatively assigned to the legislative bill, amounting in the aggregate to 895 clerks, should be authorized, but the appropriation should be for the 895 new clerks, \$871,219, and excluding the \$199,781 referred to in this letter as amount for promotions, then you would be able to make your appointments, if the service required it, of the 895 additional clerks and have money enough to pay for them?

Mr. GRANT. In the classes asked for?

The CHAIRMAN. In the classes asked for.

Mr. GRANT. One hundred and ninety-nine thousand dollars is a pretty heavy margin. I am not sure about that. We have, as you know, a money balance at the end of the year and we usually have a clerk balance, but it is in the wrong classes.

Mr. SHALLENBERGER. May I ask, Mr. Grant, whether it would not result in the reduction of the clerk in the case which he has just cited? The regulations have provided for clerks of certain classes in full post-office cars and Congress has authorized that classification by providing the requisite number of clerks. In addition to that, Congress has in recent years provided two additional classes—\$1,100 and \$1,500, and, I think, \$1,300 now. Under the last appropriation act we could not fill a vacancy in the \$1,200 class in a certain car, and hence there were two \$1,000 clerks instead of one at \$1,000 and one at \$1,200. There is a reduction of \$200 in the pay of one clerk in every such car.

Mr. GRANT. The chairman said that he would allow us the full number we asked for in each class in our estimates for next year.

Mr. SHALLENBERGER. But not of the \$1,200 class.

The CHAIRMAN. Inasmuch as your letter states that \$199,781 is for promotions, I inquire if that amount should be deducted from the total amount asked for for the service could you appoint your 895 clerks at the classes you have asked for?

Mr. GRANT. I think we can.

Mr. SHALLENBERGER. I do not understand that we can fill the vacancies unless we have the \$199,781.

The CHAIRMAN. Then the \$199,781 is for promotions?

Mr. SHALLENBERGER. It is for filling vacancies, and unless we can fill the vacancies at the same salary we are demoting or reducing the clerks.

Mr. STAFFORD. You are not reducing the then salary of the clerk?

Mr. SHALLENBERGER. We are reducing the salary of the place, and we might just as well reduce the salary of a \$1,200 clerk in the Department by only appropriating \$1,000 as to reduce the salaries of these railway clerks, who are doing the very best work, by failure to promote them to the proper class.

The CHAIRMAN. I think you mistake the purport of my inquiry. I am trying to get an explanation of this letter as to what you mean by promotions. I am not seeking to demote anybody, nor am I at

this time making any suggestion as to what class these 895 clerks would be appointed to. I am trying to get an explanation from you of this letter—what you mean by \$199,781 for promotions. It is not a question of reducing a \$1,200 clerk.

Mr. SHALLENBERGER. I mean in a sense which is not to be strictly construed it is a promotion. In its proper sense it is not a promotion, for the reason that it is only the civil-service rules which require it to be called a vacancy. Here is a vacancy in the \$1,200 class. If we appointed from the outside we would appoint at \$1,200 and there would be no promotions anywhere.

Mr. FINLEY. Why wouldn't you appoint from the lower class?

Mr. SHALLENBERGER. That is just what I am coming to. We have not the authority to appoint from the outside, and thus avoid any suggestion of promotions. We do appoint an experienced man, a long-service man who has been getting \$1,000. We say to him you can step into that place.

Mr. FINLEY. \$1,200 or \$1,100?

Mr. SHALLENBERGER. \$1,200.

Mr. FINLEY. Can you not select a \$1,100 man to fill a \$1,200 vacancy?

Mr. SHALLENBERGER. Yes, sir; naturally. You have given us the opportunity of doing so in recent years.

Mr. FINLEY. Do you ever take a \$1,000 man to fill a \$1,200 vacancy?

Mr. SHALLENBERGER. Not when a \$1,100 man is available.

Mr. STAFFORD. There are instances where you promote from the \$900 class or \$1,000 class into the \$1,200 grade?

Mr. SHALLENBERGER. No, sir.

Mr. STAFFORD. Never from the \$1,000 class to the \$1,200 class?

Mr. SHALLENBERGER. Never from the \$900 class to the \$1,200 class.

Mr. STAFFORD. But from the \$1,000 class to the \$1,200 class?

Mr. SHALLENBERGER. Yes, sir.

Mr. STAFFORD. Are there instances where you promote men from the \$1,100 to the \$1,400 class?

Mr. SHALLENBERGER. No, sir.

Mr. STAFFORD. But from the \$1,200 class to the \$1,400 class?

Mr. SHALLENBERGER. Yes, sir. If the class organization of the Department were maintained by the proper appropriations we would adhere strictly to the system and require that every clerk shall pass through the lower grade before he gets to the next higher.

Mr. GARDNER. This statement as now made has been illustrated by Mr. Grant, as I understand, both meaning the same thing, by this instance: If a \$1,200 man dies, a \$1,100 man goes into his place, a \$1,000 man into his place, a \$900 man into his place, and so on to the bottom; and that is promotion, it is true, but I can not understand how that involves one dollar of money. When all those changes have occurred you have a \$1,200 man, a \$1,100 man, a \$1,000 man, and a \$900 man, just as you had before the man died. It does not take a dollar more to pay them than before.

Mr. SHALLENBERGER. Not for existing service; but when we put on a new R. P. O. car we have to fill that car with the same organization.

Mr. GARDNER. Now, if I understand the gentleman's statement, it is this: That they do not ask any money for promotions for the pur-

pose of promoting men, but that every additional crew put on involves a number of promotions. Is that the operation of the service that is to absorb the \$199,000 for promotions?

Mr. SHALLENBERGER. That is the operation of the service, the systematic additions to the postal service, whether it be from an apartment to a full R. P. O. on an old line; whether it be the installation of new R. P. O. service which requires a specific number of clerks or a new organization at certain salaries in order to equip that additional service, we must have the opportunity of having clerks of the grades demanded.

Mr. GARDNER. Then the method of grading clerks according to the duties which they perform, whether it is law or whether a rule of the Department, no matter what, involves promotions at times, in spite of you, so to speak—that is, you have to have a new car, you have to have some man to perform certain duties, and when assigned to those duties that automatically works promotions?

Mr. SHALLENBERGER. That is the system.

Mr. GARDNER. And the \$199,000 here spoken of as available for promotions really means \$199,000 to meet increases of pay resulting from the automatic working of the service?

Mr. SHALLENBERGER. That is really the better statement.

The CHAIRMAN. Is that, then, what you mean in this letter, that if all of the 895 clerks intended for new service were appointed at the lowest grade, or at the grade of \$900, then it would only take \$871,219, but if you appoint to the various classes in view of the extension of the organization of your crews, grading the advances from apartment cars, full cars, or the installation of new service, then it would take the additional sum of \$199,781?

Mr. SHALLENBERGER. That is so.

The CHAIRMAN. And while it may be technically called a promotion, it could, in your interpretation of it, simply be called a compliance with your method of organization?

Mr. SHALLENBERGER. A systematic extension of the service.

The CHAIRMAN. In this same letter you estimate for 755 clerks at \$900 each per annum, which, I assume, according to your estimate, would mean the appointment of 755 of the 895 clerks at the grade of \$900, which would result in the distribution of 140 remaining of the 895 to these other classes. That would contemplate the appointment of 755 clerks at \$900 a year and the distribution of the remaining 140 of the 895 to these different classes, the increase of the system to which you have referred?

Mr. GRANT. We only took the classes that were involved and figured what they would cost—what it would cost at \$900.

The CHAIRMAN. That is simply what you interpreted from my letter, and not on your estimate of distribution?

Mr. GRANT. No, sir; we were simply trying to get at what you wanted.

The CHAIRMAN. I think what you did, perhaps, was to enlarge my inquiry more than I intended, but your estimate does contemplate the authority for the appointment of 140 clerks during the fiscal year 1907 at the grade of \$900; 403 at the grade of \$1,000; 140 at the grade of \$1,100; 138 at the grade of \$1,200; 14 at the grade of \$1,300; 36 at the grade of \$1,400; 14 at the grade of \$1,500, and 10 at the grade of \$1,600, making a total of 895.

Mr. SHALLENBERGER. That is correct.

The CHAIRMAN. What would these men who would be advanced from one grade to another, whether you call it promotion or the adjustment of your system, what would be the average increase of pay to each man?

Mr. GRANT. As a rule, \$100.

The CHAIRMAN. Are there many instances where the increase within one year to any one clerk would exceed \$100?

Mr. GRANT. We have cases of that kind, but they are rare.

The CHAIRMAN. They are the exceptions to the rule rather than the rule?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. What proportion of these 895 additional clerks do you estimate for new service on newly established full R. P. O. cars?

Mr. GRANT. I have not segregated it in that manner, Mr. Chairman.

The CHAIRMAN. If there should be no appropriation for full R. P. O. cars which would permit the inauguration of additional cars, but merely contemplates the continuance of the present number, how many of these clerks and of what grade would you deduct?

Mr. GRANT. Deduct the \$1,500 grade.

The CHAIRMAN. All of them?

Mr. GRANT. Yes, sir; if no additional cars were authorized.

The CHAIRMAN. How many of the \$1,600 grade?

Mr. GRANT. The \$1,600 men are chief clerks. They are not on the road. They would not be needed in the R. P. O. cars. All the \$1,400, practically all of the \$1,300, and a very large number of the \$1,200 grades.

Mr. SHALLENBERGER. That illustrates again that it is not promotions, but extension of service.

Mr. STAFFORD. What percentage of the \$1,200 grade?

Mr. GRANT. I can not answer that question.

The CHAIRMAN. Following up my line of inquiry in reference to the full R. P. O. appropriation, if we should not increase that item beyond what it is now and authorize the same amount for next year that was authorized for the last year, on the theory that you could enlarge your apartment-car service in the extreme West and Southwest and retain the same number of cars you now have in the service, they would not need these additional clerks?

Mr. GRANT. I will correct that to this extent: We have a balance of the appropriation and we have cars now in the process of construction, and we would take some of them.

The CHAIRMAN. I was figuring on the basis of 1,015 cars, the number in your last statement. There are some cars not actually in the service that might be put in the service under your present authorization?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. Could you state, Mr. Grant, in view of the last statement and in view of the probability of your putting into the service these cars, which I understand are simply now out of service temporarily, how many of these \$1,200, \$1,300, \$1,400, and \$1,500 clerks would you need, provided there was no authorization for other new cars?

Mr. GRANT. I would not attempt here to revise that table on that basis without going back and studying the situation.

The CHAIRMAN. How many of the cars are there which you have just referred to as not in service—

Mr. GRANT. I referred to those that have been recommended and authorized.

The CHAIRMAN. That is right. How many of those?

Mr. GRANT. I can not tell.

Mr. SHALLENBERGER. It is very difficult for my office to answer that question. Certain of the cars authorized will be in service before the 1st of July. Others of the cars will certainly not be in the service until some time during the next fiscal year. They, of course, will not draw any pay until duly in the service and so reported, but what proportion would be involved I can not tell.

Mr. STAFFORD. Can you give the number of cars authorized at the present time?

Mr. SHALLENBERGER. And not in the service?

Mr. STAFFORD. Yes, sir.

Mr. SHALLENBERGER. We can secure those figures; we have not them here.

Mr. STAFFORD. You could estimate the number of men that would be required in the respective grades to fill those cars now authorized?

Mr. SHALLENBERGER. We could; but the only point is that we would fail to estimate the dates when those cars will be ready for service.

The CHAIRMAN. But on the assumption that they would all be in the service on the 1st of July, they could be estimated for in this bill?

Mr. SHALLENBERGER. Yes, sir.

Mr. STAFFORD. You always include in the estimates for 1907 the cars that have not been authorized, but will be authorized some time during the year 1907?

Mr. SHALLENBERGER. Yes, sir.

The CHAIRMAN. What is the necessity of the increase of five in the number of chief clerks?

Mr. GRANT. The natural development throughout the country and the necessity of greater provision at certain points where we have not now supervising officers.

Mr. STAFFORD. Five of these clerks have been transferred to the legislative bill. If the five clerks should not be transferred it would make a grand total of 135 clerks?

Mr. GRANT. Yes, sir.

Mr. SHALLENBERGER. I think our mind, as to the Department force, is running more upon the revised estimates, deducting those to be transferred, than the mind of the committee. We are inclined to rest upon the number that have been recommended in the legislative bill, because the Postmaster-General has so insistently desired that we shall emphasize the importance of that in his judgment.

Mr. STAFFORD. But wherever provided for, you ask for a number that will provide for an increase of 10?

Mr. SHALLENBERGER. Yes, sir.

Mr. SNAPP. I see there are enumerated in the bill assistant superintendents at \$1,800 and assistant superintendents at \$1,600. Whereabouts are these gentlemen located? What is the difference in their duties?

Mr. SHALLENBERGER. The assistant superintendents at \$1,800 are attached to my office at headquarters, with the exception of Mr. Vale, late director of posts at Manila, who is stationed at Portland, Oreg.,

and Assistant Superintendent Carr, stationed at Honolulu, the remaining three assistant superintendents being directly responsive to headquarters.

Mr. SNAPP. What are the duties of the assistant superintendents at \$1,600, and where are they stationed?

Mr. SHALLENBERGER. Mr. Stone has immediate supervision of those clerks, and I will ask him to reply to that question.

Mr. STONE. The assistant superintendents, at \$1,600, are field men, and they are shifted from territory to territory as the needs of the service change. They perform service with reference to the weighing of the mail on railroads and the reletting of contracts for the star service, these occurring in different sections each year for a period of four years and then beginning again.

Mr. SNAPP. Are any of them attached to the headquarters at Washington?

Mr. STONE. No, sir.

Mr. STAFFORD. How much per diem or expense money is allowed to the assistant superintendents of the \$1,600 grade while engaged in field service?

Mr. STONE. Four dollars a day in lieu of expenses.

Mr. STAFFORD. For how many days in the year?

Mr. STONE. As many days as they are away from their headquarters or homes, as provided by statute, while traveling on official business.

Mr. STAFFORD. On an average how many days is that in a year?

Mr. STONE. I have no data, and I would not want to make a guess.

Mr. STAFFORD. Do you require any certificate that they have been away from their designated domicile or home when they receive the per diem allowance?

Mr. STONE. Each one of these assistant superintendents submits his accounts at the close of each month. Each account is made under oath and is also accompanied with a diary showing his whereabouts for every day in the month and, in a general way, the work on which he has been engaged.

Mr. STAFFORD. What work do the chief clerks, who receive a salary of \$1,500, perform?

Mr. GRANT. They are located at different important points throughout the country and have immediate charge of a number of railway post-office lines, apartment-car lines, and full post-office cars.

Mr. STAFFORD. Are they in the office of the superintendents of the various divisions?

Mr. GRANT. No, sir.

Mr. STAFFORD. They are outside of your office?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. Do they receive any per diem allowance?

Mr. GRANT. They are allowed not to exceed \$3 a day when traveling.

Mr. STAFFORD. Is there any other allowance besides the \$3 a day?

Mr. GRANT. No, sir; that is for actual and necessary expenses not to exceed \$3 a day.

Mr. STAFFORD. They do not receive any per diem?

Mr. GRANT. No, sir.

Mr. STAFFORD. The clerks in class 6 receive \$1,500. They are engaged in what class of work?

Mr. GRANT. They are clerks in charge on the road on trains having two or more cars.

Mr. STAFFORD. What kind of work do the clerks perform who are employed at a salary of \$800?

Mr. GRANT. As a rule they are men who have just come into the service, and they perform duties about the car that they can. They bring in the mail and set it up for distribution. A good many of them aid in the distribution when they come in, having served as substitutes.

Mr. STAFFORD. That is the lowest salary at which railway mail clerks start?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. Do all railway mail clerks starting in the service receive \$800?

Mr. GRANT. They do if their mileage entitles them to \$800. We have some who get less than \$800—\$700 and \$600. The salary is \$10 a mile for each mile of the average daily run.

Mr. STAFFORD. I mean at the rate of \$800. Will you kindly explain about the rate per mile?

Mr. GRANT. I mean that is the rate fixed for the compensation of a clerk. You can not say that \$800 is the lowest grade when you have men who under the schedule of pay would only get \$560, \$600, or \$620, whatever the mileage entitles them to.

Mr. STAFFORD. Is that rate on which they are paid graded according to the \$800 basis?

Mr. GRANT. I do not know what you mean by that. It is graded according to the regulation which gives them \$10 a mile for each mile of the average daily run. If a man gets a daily run of 56 miles, his compensation is \$560 a year.

Mr. STAFFORD. Do any clerks enter the service at a higher compensation than \$800?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. Then there are no clerks who enter the service at \$900?

Mr. GRANT. No, sir.

Mr. STAFFORD. How long must a man remain in the service before he can receive \$900?

Mr. GRANT. It depends a great deal upon himself. He has got to be in the service six months before he can be promoted to \$900. A man is required to serve at least three months in every class, what we call the probationary period, that is six months, and at the end of the six months, if he has made a record which justifies his continuance in the service, he is given a permanent appointment at \$900.

Mr. STAFFORD. What is the next probationary period?

Mr. GRANT. There is no probationary period after that.

Mr. STAFFORD. What is the next period of promotion?

Mr. GRANT. He is required to serve three months in every class.

Mr. STAFFORD. So it is possible for a man to receive an increase of more than \$100 in any one year?

Mr. GRANT. Yes, sir; it is possible. But with these promotions we require a certain amount of knowledge of distribution, which takes a great deal of time to acquire.

Mr. STAFFORD. What is the highest salary, according to the rule, that is being paid to a clerk in charge of an apartment car?

Mr. GRANT. One thousand two hundred dollars.

Mr. STAFFORD. What is the lowest salary?

Mr. GRANT. It runs down, I can not tell you just the lowest, it is in the table there; on the mileage basis it may run down to \$500 or \$400.

Mr. STAFFORD. Does the man who receives \$1,200 have his salary determined on a mileage basis also?

Mr. GRANT. The mileage basis does not go over 90 miles.

Mr. STAFFORD. The mileage basis only refers to 90 miles?

Mr. GRANT. It goes up to \$900, and then the salary is fixed by the regular table.

Mr. STAFFORD. What is the character of work performed in the full R. P. O. cars by a man receiving a \$1,300 salary?

Mr. GRANT. A \$1,300 clerk is in charge of a second or third car on a train that has more than one car. He is a sort of deputy to the \$1,500 man.

Mr. STAFFORD. What character of work is he engaged in—first-class mail or second and third class mail?

Mr. GRANT. Any class; he may be assigned to any class of distribution.

Mr. STAFFORD. What is the grade of work performed by the man who receives \$1,200?

Mr. GRANT. The distribution of mail, either letters or papers. We do not make any distinction, so far as the pay is concerned, between a man who works letters and a man who works papers. In the natural development of progress of a clerk he goes from a paper case to a letter case. There are a good many men at the same salary on both.

Mr. STAFFORD. A man may be receiving \$1,300 on a full R. P. O. car whose work is exclusively the distribution of paper mail?

Mr. GRANT. As a rule that is his distribution, because, as a rule, the letters are all distributed in the first car where the \$1,500 man is. I will not say that all of them are assigned to paper mail, but a good many of them are.

Mr. STAFFORD. What is the difference in the grade of work performed by a \$1,200 man and a \$1,100 man in a full R. P. O. car?

Mr. GRANT. There is no difference.

Mr. STAFFORD. What is the difference in the grade of work performed by a \$1,200 man and \$1,000 man?

Mr. GRANT. There is practically no difference.

Mr. STAFFORD. Is there any basis for the difference in pay due to length of service by any fixed rule of the Department?

Mr. GRANT. The length of service has nothing to do with it, except as a factor in promotion.

Thereupon (at 1.50 o'clock p. m.) the subcommittee adjourned to meet to-morrow, Thursday, February 1, 1906, at 10.30 o'clock a. m.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Thursday, February 1, 1906.

Subcommittee called to order at 10.35 a. m.

**STATEMENT OF HON. W. S. SHALLENBERGER, SECOND ASSISTANT
POSTMASTER-GENERAL; ACCOMPANIED BY MR. G. F. STONE,
CHIEF CLERK; MR. J. H. CREW, SUPERINTENDENT OF RAIL-
WAY ADJUSTMENT, AND MR. ALEXANDER GRANT, ASSISTANT
SUPERINTENDENT RAILWAY MAIL SERVICE.**

Mr. SNAPP. Let me call your attention to the assistant superintendents of the \$1,800 grade, of which I see there are five. Where are they stationed and what are their duties?

Mr. SHALLENBERGER. The three of the \$1,800 grade who are reporting direct to the Office of the Second Assistant Postmaster-General are three of the most expert assistant superintendents selected for special and particular duties under orders direct from headquarters. One of the five is at present stationed at Portland, Oreg., having been the director of posts at Manila and has now returned to our service. His larger experience and eminent fitness for special work seemed to suggest his selection as one of the five, Mr. F. W. Vale. The fifth is Mr. Carr, assistant superintendent at Honolulu, charged with the responsibility of caring for the entire island service, and being at a great distance from headquarters is necessarily charged with considerable more responsibility and must be an assistant superintendent of high grade.

Mr. SNAPP. Where are the assistant superintendents of the \$1,600 grade stationed and what are their duties?

Mr. SHALLENBERGER. That question was answered yesterday and the answer went into the record.

Mr. SNAPP. They have regular headquarters in the field?

Mr. STONE. With each assignment of territory they are given new headquarters within that territory.

Mr. SNAPP. There is one now at Chicago, for instance?

Mr. STONE. Yes, sir; there is one at present at Chicago.

Mr. SNAPP. Is there more than one at Chicago?

Mr. STONE. Only one.

Mr. SNAPP. What is his name?

Mr. STONE. J. A. Chapman.

Mr. SNAPP. How do their duties differ from the three that are attached directly to the office of the Second Assistant Postmaster-General?

Mr. SHALLENBERGER. They do not substantially differ. As I have said, the \$1,800 class is drawn from the \$1,600 class by reason of what we assume is superior ability, discretion, and judgment.

Mr. SNAPP. Do they perform the same duties in the field that the \$1,600 men perform?

Mr. SHALLENBERGER. The same duties, and in addition they review certain cases which have come to us from the field and have been found to be unsatisfactory in some manner.

Mr. SNAPP. While in the field are they allowed the same per diem or other allowance?

Mr. SHALLENBERGER. They are.

Mr. SNAPP. What I was trying to ascertain, Mr. Shallenberger, was why there is this discrimination as to salary in favor of the three attached to your headquarters.

Mr. SHALLENBERGER. Because of longer service and greater ability.

Mr. SNAPP. But I understand you to say that they perform practically the same duty?

Mr. SHALLENBERGER. They are doing practically the same duty, and in addition the supervisory work which we deem of more importance.

Mr. SNAPP. Can you say what their allowance or per diem would amount to in a year?

Mr. STONE. It is \$4 per day for every day they are away from the headquarters. I can not state the average.

Mr. SNAPP. That is really what I would like to ascertain, what proportion of the year they are away from headquarters and traveling.

Mr. STONE. The three who are stationed here?

Mr. SNAPP. Yes, sir.

Mr. STONE. Nearly all the time. One of them will come in here, having completed one tour of duty, on one day and probably leave the next day. They frequently leave the same day they arrive. They are in the field nearly all the time.

Mr. SNAPP. If they are in the field nearly all the time exactly as the \$1,600 men are, why should there be this discrimination in salary?

Mr. SHALLENBERGER. I think I have tried to explain that. We have an assistant superintendent who is competent to fill any superintendent's place. He has had longer service and larger experience. He has technical knowledge of the most important and delicate questions that we have to deal with. We send him to New York, Chicago, or San Francisco—wherever the matters are of such a nature as to demand the very best talent in their investigation and recommendation.

Mr. SNAPP. That is not a satisfactory explanation to me in the light of Mr. Stone's statement that they are in the field most of the time doing exactly the same work as the \$1,600 men.

Mr. STONE. I did not say that. My judgment—

Mr. SNAPP (interrupting). I know. I mean exactly similar work.

Mr. STONE. My judgment is that many of the cases that are given to the men who report directly to headquarters are of a more important nature than the general run of cases that go to the field men elsewhere.

Mr. SNAPP. In what way are they more important?

Mr. STONE. I do not know that I can answer that question definitely, except that one question that comes before the Department is more important than another and requires to be handled more carefully.

Mr. SNAPP. When in the field, do they work in the same territory as the \$1,600 grade men?

Mr. STONE. A \$1,600 grade man is usually assigned to a limited territory, while the three men at headquarters are at large, to go anywhere where they may be required. At the present time one is in California.

Mr. SHALLENBERGER. It sometimes becomes desirable to have the judgment of two men on a certain case, and in that event if the local superintendent in his reports does not show the grasp of the subject and the good judgment that we think possibly is needed, we may give that particular case to an assistant superintendent at headquarters

with specific instructions and full explanations to review the case with the local assistant superintendent or alone, and when we have his report we are able to make a decision that we deem equitable and just.

Mr. SNAPP. Then in order to perform this assignment you have just mentioned the assistant superintendent was compelled to travel from Washington to California and back, was he?

Mr. SHALLENBERGER. On the commission to which I referred, which required, in the judgment of the Postmaster-General, the best expert talent—the pneumatic-tube investigation—we selected one of them for that commission.

Mr. SNAPP. In the instance just mentioned was it necessary for this superintendent to travel from Washington to California to perform the assignment?

Mr. SHALLENBERGER. In that instance it was. One assistant superintendent traveled from Portland, Oreg., where he is now stationed. We selected two high-grade assistant superintendents for that commission in connection with Mr. Crew.

Mr. SNAPP. Are you speaking now of the commission?

Mr. SHALLENBERGER. Yes, sir; that being one of the subjects that we regard as of importance, and that it required in its investigation and installation the very best talent we had. There is, therefore, always an incentive to the \$1,600 men in the field to equip themselves so that when a vacancy occurs in the \$1,800 class one may be promoted.

Mr. SNAPP. Who are the two of the three in that class who were assigned to this pneumatic-tube commission?

Mr. SHALLENBERGER. Not two of the three, but two of the five.

Mr. SNAPP. Who were they?

Mr. SHALLENBERGER. Assistant Superintendent John M. Maston and Assistant Superintendent F. W. Vale, of Portland, Oreg., formerly director of posts in the Philippines.

Mr. SNAPP. In the number of employees in the current law that are transferred to the legislative bill are there any whose salaries it is proposed to increase?

Mr. SHALLENBERGER. There are none.

Mr. SNAPP. I was under the impression that among those there were 11 that you had recommended their salaries be increased \$200 per annum.

Mr. SHALLENBERGER. It is not so.

Mr. SNAPP. Then there is no increase of salaries proposed?

Mr. SHALLENBERGER. There is no increase whatever proposed.

Mr. SNAPP. Among any of the employees in the Railway Mail Service?

Mr. SHALLENBERGER. Not in the Railway Mail Service. Mr. Stone has just called my attention to the note which you will find on page 253 of the Book of Estimates, and my statement that there was no increase whatever must be modified by the one exception where an increase of \$100 is recommended for the reason that we have in the Department to-day an \$800 railway-mail clerk, who, when transferred, will go into the lowest departmental class, which is \$900.

Mr. SNAPP. On page 13 of the report of the General Superintendent of the Railway Mail Service there appears this recommendation:

I recommend that the salary of the assistant division superintendents of the Railway Mail Service be increased from \$1,800 per annum to \$2,000 per annum each.

These officers, of which there are eleven, must possess a high order of intelligence, knowledge of the service, and executive ability, and their position places upon them great responsibilities.

Which class of superintendents is alluded to in that recommendation?

Mr. SHALLENBERGER. The assistant superintendents attached to the headquarters of the eleven divisions. They are a distinct class entirely.

Mr. SNAPP. Are they among those whom it is proposed to transfer to the legislative bill?

Mr. SHALLENBERGER. No one of them. There is no proposition whatever to transfer any of those to the legislative bill.

Mr. STAFFORD. In the note in the book of estimates where you request the transfer of certain clerks who have heretofore been provided for in the post-office supply bill to the legislative bill there is mention made of some printers. Will you explain whether those printers are employed in departmental work at the Department?

Mr. SHALLENBERGER. They are.

Mr. STAFFORD. They are exclusive of the printers who are provided for at the various divisions throughout the country?

Mr. SHALLENBERGER. Yes, sir.

Mr. STAFFORD. What are the duties of the printers here mentioned, the line of work?

Mr. GRANT. We print a bulletin every day of all the changes that take place in the service, offices established and routes changed in the United States. That is needed by the operating people throughout the country. The postal officials get that out. They print the general orders of our divisions, the headquarters of which are located here, and they do any emergency work necessary.

Mr. STAFFORD. You will notice at the bottom of page 29 of the draft bill that there is a clause which is now contained in brackets, indicating that it is recommended by some one that it should be left out of the current bill, which provides for the assignment and transfer of clerks from the railway-mail service and giving preference to persons who have been honorably discharged from the military and naval service. Do you so recommend that it be omitted?

Mr. SHALLENBERGER. We recommend that it be retained. The same clause was in the appropriation bill of last year and I deem it important.

Mr. STAFFORD. What are your reasons that it should be retained?

Mr. SHALLENBERGER. For the reason that under the general law at present soldiers of the civil war are given preference both in the examinations which are held by the Civil Service Commission and in regard to promotions and transfers. The Railway-Mail Service being a very exacting service has an increasing number of clerks who have grown old, and especially those clerks who have been in the civil war and are entitled to lighter runs, less exacting service, and local assignments where their duties will be lighter. We endeavor in the service to give such places to that class of our clerical force, but so few places have we in transfer-clerk offices and on light runs that there is a large number always waiting.

We think that in the mailing divisions, especially of post-offices where the duties are so largely the same as in the railway postal cars, many of those clerks might very properly be employed and their services made valuable many years longer than otherwise could be done.

Now, we ask that this emphatic indorsement of the preference be made in the bill so that the postmaster will be charged with the duty of calling upon the railway mail service for such clerks rather than upon the Civil Service Commission when a vacancy occurs.

Mr. STAFFORD. Reverting to the item of railway mail clerks—I do not know whether it has been brought out—I wish to ask whether you can give us an estimate of the expenditures for pay for clerks in the Railway-Mail Service for the current fiscal year?

Mr. GRANT. Will a statement of the balance we have in each class answer that question?

Mr. STAFFORD. A statement of the balance you now have would not be of service if you intend to utilize some of the balance during the remainder of the fiscal year, as I believe you intend to. Of course, if you have no such figures we will have to await your preparation of them later.

Mr. GRANT. Of course you do not want the appropriations for the current year?

Mr. STAFFORD. We have the appropriations before us. We would like to know how much money will be expended during the fiscal year for this service?

Mr. GRANT. That I can not answer.

Mr. STAFFORD. Can you give us any estimate of the amount that will be expended?

Mr. GRANT. Not a definite amount, not good figures, because six months of the year are yet to come and we can not foresee what will arise in that time.

Mr. STAFFORD. Can you not give us an estimate within \$100,000 as to the amount that will be expended, based upon the service now in existence and the service which will be installed during the remaining six months?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. Will you kindly furnish a statement to the committee at your convenience?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. We will next take up the item as found on page 30 of the bill, "For temporary clerk hire in classes one and two for emergency service, \$50,000." This item is the same as in the current law. Can you give us the amount of the allotment from this item for the current fiscal year?

Mr. STONE. You mean the appropriation?

Mr. STAFFORD. Under the law passed last session which forbade any Department making any greater appropriations than necessary, and which provided for their allotting the appropriations during the year, some of the other departments have estimates as to the allotment that is necessary.

Mr. GRANT. We have that information in the office, but not here.

Mr. STAFFORD. Do you know how much of an unexpended balance there will be in this item for the current fiscal year?

Mr. GRANT. Probably little. Up to the 1st of January we had expended under that item —

Mr. SHALLENBERGER (interrupting). I wish to call attention to the fact, as to the question of allotment, that the practice of the Office has been to make an estimated allotment when the appropriation is requested. It is not to cover full salaries in one year in any particular

class, but to cover the salaries for such portions of the year as we estimate their services will be required.

Mr. STAFFORD. Will you give us the amount that has been used out of this appropriation up to the 1st of January, 1906?

Mr. GRANT. \$30,652.50.

Mr. STAFFORD. Will there be any occasion to use any of this money during the remainder of the fiscal year?

Mr. GRANT. Yes, sir; all of it, probably.

Mr. STAFFORD. What are the emergencies that require resorting to this item of appropriation?

Mr. GRANT. The abnormal increase in mails on a great many lines during the holiday season; the abnormal increase in mails on certain lines during the summer season. For instance, the summer-resort lines in New England and all along New Jersey. The abnormal increase in mails along certain lines during the winter season in Florida.

Mr. STAFFORD. Will that condition arise in any of those places during the remaining months of the fiscal year?

Mr. GRANT. Yes, sir; we have to commence to take up the summer service from the 15th of May on.

Mr. STAFFORD. How do you manage for that extra service as to clerk hire in the other classes above class 2 for which no provision is made for temporary clerk hire?

Mr. GRANT. We get along very well by reenforcing the regular force on those lines by substitutes of men in the lower classes. We put them on as acting clerks and they have one salary, \$800.

Mr. STAFFORD. Then they aid the other higher grade clerks even though they rank as substitutes in classes 1 and 2?

Mr. GRANT. Yes, sir.

Mr. SHALLENBERGER. During the months of this year, February and March, the Florida service will require extra assistance.

Mr. STAFFORD. There will be no additional men needed in the present fiscal year other than what you have called for and what were provided for last year?

Mr. SHALLENBERGER. No, sir.

Mr. STAFFORD. The next item is "For substitutes for clerks on vacation, \$50,000," for which you do not provide any increase. I suppose that the expenditures in that item are about the same as they were during the fiscal year 1905?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. This \$50,000, as I understand it, would not be adequate to provide for the salaries of all the railway-mail clerks that take a vacation of fifteen days with pay, but owing to the slackness of service during the six months you are not compelled to put on a substitute on every car where a clerk takes a vacation?

Mr. GRANT. No; I think not. The appropriation applies to a very small class of employees, namely, those who work every day, or six days a week, during the year. The great bulk of our men have one week off in three or one week off in two, according to how onerous their duties are while they are at work.

Mr. STAFFORD. And those men are not entitled to the fifteen days' leave of absence?

Mr. GRANT. They do not get anything—just the clerks on smaller lines that run every day.

Mr. STAFFORD. You just stated that there is a difference in the

length of service in some of the mail clerks as to their going on and taking a leave, some being on duty one week with a vacation of a week and some being on two weeks. What is the rule of the Department as to the amount of time that is allowed to a railway mail clerk in such a case during the year?

Mr. GRANT. There is no fixed rule that prescribes just exactly what amount of mileage or what the duties of a clerk shall be, and it is practically impossible to make any such rule because of the varied conditions on the lines. If it takes a train a certain length of time to run between two points, as for instance, between Chicago and St. Louis, why, of course, our people have got to work that long, and we try by arranging their period of lay off to make the runs as equitable as possible. You might say from six to six and one-half hours of daily duty on the cars is what we try to aim at. We can not always do it.

Mr. STAFFORD. You mean throughout the year?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. And employed every working day in the year?

Mr. GRANT. Yes, sir.

Mr. SHALLENBERGER. Exclusive of the time before the train starts that they are required to be there.

Mr. GRANT. But that is about the average.

Mr. STAFFORD. Do you have any minimum number of hours that a clerk is required to work in this working period before he is entitled to a lay off for a week.

Mr. GRANT. I do not know that I can put it just that way. Of course, as I say, we try to make the runs as equitable as possible.

Mr. STAFFORD. Do I understand that you have no minimum hours required for service during the week before an employe is allowed to take his six days' leave?

Mr. GRANT. I do not think I can answer the question in that form.

Mr. STAFFORD. Why can not you answer it?

Mr. GRANT. You asked me if we had a minimum amount of work before we gave a man six days' leave. I should say we have a maximum amount of work—what is the maximum amount of work that you would require a man to perform before you give him a leave?

Mr. STAFFORD. Just change it, make it maximum or minimum. I think the term minimum applies better than maximum. I think the intent is the same.

Mr. GRANT. I do not want to convey a wrong impression. As I said a moment ago, we try to arrange these clerks up to about six or six and one-half hours a day. It may run a little lower than that. Twelve hours, you understand, would be the amount that would be necessary to give a clerk six hours every day. That is, if a clerk is running one week and laying off the next week. The week that he is on duty he would have a period of twelve hours a day in order to make his daily average six hours. That may go down to ten or ten and one-half hours. I do not know but what your question was in the proper form, if we have ever fixed a minimum amount of work during the week that the clerk performs which would entitle him to six days off, but it would be just about twelve hours; it may run a little under that.

Mr. STAFFORD. In computing the number of hours that he is employed, do you calculate only the time the train is in actual motion or from the time he reports?

Mr. GRANT. The time he goes to work. Sometimes it is three or four hours before the train starts.

Mr. STAFFORD. That is included in the number of hours?

Mr. GRANT. Yes, sir.

Mr. GARDNER. When an application is made by a clerk for a lay-off, you then take into consideration the amount of work that he has done—in other words, the daily hours of service—as the element upon which to determine that. So, while you have no general rule, minimum or maximum, you still consider each case upon its application and decide upon a basis of fairness?

Mr. GRANT. There are other circumstances that have to be taken into consideration. For instance, he may have a run that is very long, but the mail is very light. There the average mileage and the hours of duty would run up to seven, seven and one-half, or eight hours a day.

Mr. STAFFORD. Each case, as I understand, stands on its own merits?

Mr. GRANT. Yes, sir; and on a sense of fairness and equity.

Mr. SNAPP. Let me return again to the route that you mentioned from Chicago to St. Louis. That is practically an eight-hour run. As I understand, the clerk will report for duty at Chicago sometime before the leaving time of the train, but how long is it in that case, just make an estimate?

Mr. GRANT. I should say four hours, from three to four hours.

Mr. SNAPP. Then that would be considered as twelve hours work from the terminal at Chicago to St. Louis?

Mr. GRANT. Yes, sir.

Mr. SNAPP. When do they return; how soon after arriving do they return on their trip to Chicago?

Mr. GRANT. The clerks that run south on a day train to-day usually came back on a day train to-morrow. The clerks that go down on a night train to-night usually come back to-morrow night. We try to give them a fair time for rest at the farther end of the route.

Mr. SNAPP. Then a round trip from Chicago to St. Louis would be calculated at about twenty-four hours' work for each railway mail clerk?

Mr. GRANT. Yes, sir.

Mr. SNAPP. You estimate the average for the year to be from six to six and one-half hours every day; am I right in that?

Mr. GRANT. It would hardly go as high as that.

Mr. SNAPP. Will it reach six hours a day?

Mr. GRANT. The average for the whole country?

Mr. SNAPP. Yes, sir.

Mr. GRANT. No, I do not think so; probably not over five and one-half hours.

Mr. SNAPP. In what section of the country will the average run highest?

Mr. GRANT. Probably the western section. Out in those places that are not thickly settled, where the offices are far apart and where the local mails are light, possibly the average runs higher; out through the mountain districts higher than they do down in the congested districts of the east. The average would run higher, but the amount of work does not run higher.

Mr. SNAPP. The average hours worked would then average higher on a long route?

Mr. GRANT. I think so, as a rule.

Mr. SNAPP. And shorter on the shorter route where there is a great volume of mail handled. So it is based somewhat upon the amount of work done?

Mr. GRANT. Largely. There are runs going out of Chicago where the men have to go to work six or seven hours before the train starts.

Mr. SNAPP. But I understand they receive credit for that?

Mr. GRANT. Yes, sir.

Mr. SNAPP. The same as they do for the hours spent on the run?

Mr. GRANT. Yes, sir. You can understand that on nearly all those runs out of Chicago to Burlington, Dubuque, and St. Louis, and the local service, the work is very heavy, and the mails must be in very good shape before they start or they will carry them by. That is why the clerks running out of a city like Chicago have to do so much advance work.

Mr. SNAPP. I understand that the hours of work required on each route are arbitrarily fixed, dependent upon the length of the route and the amount of work performed?

Mr. GRANT. Yes, sir.

Mr. SNAPP. And that there is no general rule applying to all the routes, is that so?

Mr. GRANT. If you mean by "general rule" something that is printed and laid down, I say no. We follow a general practice which we ourselves have established and it is a rule to us.

Mr. SNAPP. If I understand you aright, you say that in fixing the hours of work required you take into consideration the length of the route and the volume of the mail carried?

Mr. GRANT. Yes, sir.

Mr. SNAPP. That would vary probably in such a way that no two routes would be similar, so that you arrive at this by applying a rule to each route by itself. Are more than six and one-half hours required in any one instance which you remember?

Mr. GRANT. Yes, sir. I do not know that I could quote to you the lines, but I know that we have lines where the daily average of hours on duty will run up to seven, seven and one-half, and eight hours.

Mr. SNAPP. What is the lowest average that you recollect?

Mr. GRANT. I can not state that.

Mr. SNAPP. As low as five hours?

Mr. GRANT. I think in some cases they run under five hours.

Mr. SNAPP. Do you mean by that that they would average less than five hours for 365 days in the year?

Mr. GRANT. I think there are some routes that would.

Mr. SNAPP. Making about 1,800 hours per annum of actual service.

Mr. GRANT. Actual time in distributing the mail on the cars?

Mr. SNAPP. That is actual service, is it not?

Mr. GRANT. That is not the whole service of a postal clerk. That is not all the time that he has to devote to the service. There is time that he has to prepare for his work. He has to study and make up his reports. He has to run out on extra runs. All that has to be taken into consideration if you are fixing the duty.

Mr. SHALLENBERGER. I think you had better emphasize the importance of the examination of schemes and the changes of schemes where six and six and one-half hours of duty would be very inefficient.

Mr. SNAPP. I understand that. What I was trying to learn was

the average per day or per year would be of the clerks actually engaged in the service of the distribution and assortment of mail, not other duties that may be performed in order to perfect themselves.

Mr. GRANT. We try to arrange it on the basis of six or six and one-half hours.

Mr. STAFFORD. That is, not for 365 days, but for the working days of the year.

Mr. GRANT. The working days of the year.

Mr. STAFFORD. When these clerks who are allowed a week's vacation after a week or two weeks' service desire a further vacation than is allowed to them by the six days' leave, they do not receive any salary during that vacation?

Mr. GRANT. No, not any.

Mr. STAFFORD. I understand from the testimony of Mr. Grant that these clerks work six days on and six days off, and they do not receive any compensation for fifteen days' leave.

Mr. GRANT. There is no provision for leave of absence at all.

Mr. STAFFORD. When they do receive a leave of absence by grant of the Department, do they receive any compensation?

Mr. GRANT. They lose their pay.

Mr. SNAPP. Will you not please explain the meaning of the language in the provision that "railway postal clerks, whose duties require them to work six days or more per week?" What is meant by "six days or more per week?"

Mr. GRANT. Those are clerks on short runs for which no lay-off, the same as we provide for a clerk on a long run, is provided. They run every day. They start on Monday morning and run until Saturday night. They may run every day. Their average hours of duty may be long and their hours on the train may be short. This provision is to give those men a little relief during the year.

Mr. SNAPP. Will you not mention such a route?

Mr. GRANT. The run from Baltimore to Annapolis.

Mr. SNAPP. That is a full R. P. O. car?

Mr. GRANT. Oh, no.

Mr. SNAPP. How long is that run?

Mr. GRANT. About 40 miles.

Mr. SNAPP. Going out and back the same day?

Mr. GRANT. Yes, sir.

Mr. SNAPP. And that would be considered a day's work?

Mr. GRANT. Yes, sir; but they are on the road every day.

Mr. SNAPP. Seven days in a week?

Mr. GRANT. Some of them are and some six days; the greater part only six days.

Mr. SNAPP. How many hours will they average each day?

Mr. GRANT. I can not tell you. We never figure those men as a class.

Mr. SNAPP. Can you just make an estimate of the hours that a clerk on that run will average?

Mr. GRANT. I do not know just how long those men have to work before they leave Baltimore and so I would prefer not to give figures on it, to make an estimate, because it may not be correct.

Mr. SNAPP. Can you state how long those clerks, as a general rule, are actually employed in the service.

Mr. GRANT. It refers to a class of men who, as I say, work every

day in the week or six days in the week, and probably are not employed more than three and one-half or four and one-half hours in each day.

Mr. SNAPP. That would be the time spent on the run and the time necessarily spent on the cars or at the terminals before leaving?

Mr. GRANT. Yes, sir.

Mr. SHALLENBERGER: I would like to suggest an amendment at this point, a second proviso:

And provided further, That the Postmaster-General may allow a clerk who is sick leave of absence with pay, his duties to be performed without expense to the Department during the period for which he is granted leave, not exceeding thirty days in any fiscal year.

The effect of that amendment would be to restore a practice which had been in vogue for years and would in effect make an exception of railway postal clerks, who are now unable to be granted any leave on account of sickness whatever if in excess of fifteen days. In the one case where they do not perform service six days in the week the year round and do not get any leave whatever and in the case of other clerks who do perform six days a week service. I deem it equitable and just that these clerks of the Railway Mail Service should have that practice reaffirmed in their interest, because they are subjected to more exposure than clerks in post-offices, hence more liable to be temporarily sick, even permanently indisposed.

Again, their habits being necessarily not so regular as clerks in other branches of the postal service, they are more exposed to the weather and to dangers of sickness. We have found in the last year that many cases have arisen, not many, I will say, but some cases have arisen which seemed to call for the exercise of the discretion that we now ask to be lodged in the Postmaster-General, cases which we were wholly unable to meet, because of the decision of the accounting officers. Therefore, while in all cases this would not be granted, I desire, in the wording of this amendment, to ask that the Postmaster-General may, in his discretion, allow a clerk who is sick leave of absence not exceeding thirty days without expense to the Department during that period.

Mr. SNAPP. In what way would that operate to the benefit of the clerk?

Mr. SHALLENBERGER. It would continue his salary to him, he to supply the service.

Mr. SNAPP. How would he supply the service?

Mr. SHALLENBERGER. Mr. Grant can better explain that.

Mr. SNAPP. How can he supply the service supposing it is a hundred dollar clerk or a clerk in charge?

Mr. GRANT. Under the present ruling of the Comptroller if one of our clerks in charge is unfit for duty on account of sickness his pay is cut off and nobody can help him. If this proviso is inserted, another clerk can go and do his work for him.

Mr. SNAPP. Would it require another clerk?

Mr. GRANT. As a rule, yes, sir; or a rearrangement whereby his second clerk, the next in the grade, might do the work. It simply gives the clerks a little opportunity to help each other and absolutely does not cut their pay right off the moment they are sick. The present arrangement is a very sore point with all the men. They think they are not given the same consideration, possibly, that others are. That grows out of the fact that they had that privilege for a great many

years and I do not see that it hurts anybody. It certainly is not going to cost the Government anything. It is going to satisfy the men to a large extent and relieve them in some trying cases.

Mr. SNAPP. Then, I understand, if you had a clerk in charge, on sick leave, you would employ a clerk in a lower grade to perform his services?

Mr. GRANT. Yes, sir.

Mr. SNAPP. And thereby save to himself the difference in the salary or the difference between his salary and what would be necessary for him to pay the substitute?

Mr. GRANT. That would be the practical effect of it in some cases, for the limited period mentioned in the proviso.

Mr. GARDNER. Who gets the pay now, how are they paid now?

Mr. GRANT. If a clerk is sick and unable to perform his duties, his pay is cut right off.

Mr. GARDNER. Who gets it?

Mr. GRANT. It remains in the Treasury.

Mr. GARDNER. The man who takes his place of course is paid?

Mr. GRANT. Yes, sir.

Mr. GARDNER. At what grade is he paid? Is he paid the salary that the sick clerk was receiving?

Mr. GRANT. \$800.

Mr. GARDNER. Then an \$800 man would fill the position of a \$1,200 or \$1,400 man?

Mr. SHALLENBERGER. I might say that the clerks of the Railway Mail Service deem this an equitable provision for the reason that Department clerks may be allowed thirty days with full pay by the Postmaster-General when sick, and they only ask that they may be allowed the difference between their full pay and what their substitutes get.

Mr. STAFFORD. Does your provision provide for the difference?

Mr. SHALLENBERGER. It does not. It provides for no additional expense to the Government.

Mr. STAFFORD. Would there not be this difference in the actual working of such a practice, that while in the case of the Department clerk, of whom there has been considerable criticism, that it has been greatly abused, that they are the clerks here under the immediate supervision, or it can be ascertained whether they are really sick or not, while in the case of the railway mail clerk, do you not have to act largely upon their statement, and therefore the Department would not be in a position to determine whether they were really ill or not?

Mr. GRANT. The clerk is always required to furnish a physician's certificate.

Mr. STAFFORD. Is a clerk in the Department required to furnish a physician's certificate also?

Mr. GRANT. I think so.

Mr. STAFFORD. Has not this privilege in the Department been abused considerably, and has there not been considerable criticism of the practice because of its abuse?

Mr. SHALLENBERGER. Mr. Stone, the chief clerk, can answer that question, and I suggest that he do so.

Mr. STONE. I can only say that it is commonly said that it has been abused, but when a particular case comes up before us for recommendation for extension under that law we exercise our best judgment,

and we would not recommend an extension if we had evidence that the clerk was abusing the privilege.

Mr. STAFFORD. There is no question whatsoever so far as your Department is concerned, Mr. Stone, but that you would not countenance any abuse whatsoever, but it has developed into a practice that this thirty-day leave has been considered a vacation period, and it has been criticized very severely.

Mr. GARDNER. I would like to interrupt you right there to ask Mr. Grant if it is the practice of the Department now that when a clerk of a lower grade takes the place of a clerk of a higher grade, he is paid at the rate of the salary that he was drawing? Now, I think this matter was examined into pretty thoroughly last year, and that it was brought out, and I think the view was indorsed by the officers of the Department, that the matter of a clerk having his service performed by one of a lower grade, and the absent clerk receiving the difference between the clerk of the lower grade and the absent man, had developed into an abuse; and that there had been a determination arrived at after discussion, with the approval of the Department as I thought, that the man performing the work of the absent clerk should receive, not the pay of his grade, but the pay for the work which he performs, so that each clerk should receive without respect to his ordinary grade, pay for the work which was actually done; and to accomplish that purpose this provision was put in the law.

That hereafter when any clerk in post-offices of the first and second class, or in the Railway Mail Service, or any letter carrier in the city free-delivery service, is absent from duty from any cause other than the fifteen days' annual leave with pay allowed by law, the Postmaster-General, under such regulations as he may prescribe, may authorize the employment of a substitute for such work, and payment therefor from the lapsed salary of such absent clerk or letter carrier at a rate not to exceed the pay of the grade of the work performed by such substitute.

Now, the intention of that language was to give the man who took the place that pay. Do I understand from the answer that Mr. Grant gave that the law has not been so construed, and that those performing work have not received that grade of pay?

Mr. SHALLENBERGER. We have understood the law to be as I stated and as Mr. Grant has answered, that it works a hardship to our clerks to an extent which has led to very great discontent among them and to an appeal for this recommendation in their behalf.

Mr. GARDNER. I asked Mr. Grant who now received the pay for the work done by a clerk of a lower grade who took the place of a clerk of a higher grade, and I understood his answer to be distinctly that the clerk of the lower grade received the pay of his grade as clerk.

Mr. GRANT. That is true, because the clerk who is put on the place of the clerk who is disabled—that is, the person who is put on in place of a clerk disabled—is a substitute, and the pay of a substitute or acting clerk is \$800 per annum. The effect of the law is that our higher grade clerks have to perform the duty of the man who is absent. The lower grade man, the substitute, not being able to go in and do the work of the man absent, is not entitled to the pay of the clerk who is absent; he is only entitled, as I understand the intent of the law, to the pay for the character of work that he does.

Mr. GARDNER. But the law means, as I have always understood it, the character of work he does at that time.

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Mr. SNAPP. I understood him to say that with a car and crew of five, if the clerk in charge should be absent, on sick leave, the next clerk would take his place, and so on up; and the additional clerk necessary to make up that crew to five would be the substitute put on at the bottom at \$800; isn't that right?

Mr. GRANT. Practically, yes.

Mr. GARDNER. Nearly so, Mr. Snapp. That substitute, if he did the work of some clerk under this provision of the law would get the grade of that clerk; but the construction of the law, and its intent was to change the salary of all of them during the year.

The CHAIRMAN. I never so understood it.

Mr. GRANT. He could not get any more.

Mr. GARDNER. What did you understand that language to mean, Mr. Chairman?

The CHAIRMAN. My recollection is that the amendment came about in this way: It was first recommended from the First Assistant Postmaster-General's Office on account of the conditions existing in the offices of the first and second classes. Attention was called to the fact that if that was made applicable solely to the post-office clerks of the offices of the first and second classes it might be construed to discriminate, omitting as it did the carriers in cities and the railway-mail clerks, and as the result of that suggestion the proposed amendment was modified to the form in which it appears in the current law, and that its intention was with reference to the railway-mail clerks not to advance each of the several graded clerks in salary for a limited period when that higher clerk was absent from duty, but to avoid the practice of one clerk of a higher grade receiving full pay for his grade during the period of his absence and employing a substitute for that time.

And that the practical operation of the amendment would be that if the service really needed an additional individual who, though he might not be sufficiently competent, or of sufficient experience to do the regular work, yet the absent clerk would still be able to do enough work to entitle him to the pay of the substitute. And, therefore, it was construed at the time in the committee to mean that the lapsed salary, or unused salary, the unearned salary of the absent clerk, would create a fund from which would be paid any additional individual who might be necessary for the proper administration of the service during the period of the absence of the high-grade clerk who was absent.

But I don't understand. I confess, that the law was intended that if a \$1,500 railway mail clerk was absent, either on a voluntary arrangement through family affairs, or on a holiday, or through sickness, that the \$1,400 man should temporarily discharge a part of the \$1,500 man's work and be entitled to the additional \$100 a year at the time of the absence, and the \$1,300 man and the \$1,200 man should move up to do a fractional part of the other work and receive additional compensation, but that because of the temporary absence of the \$1,500 clerk an individual would be needed to assist in a general way in the work of the car, and he would go on at the rate during that period of absence of \$800 a year. Now, Mr. Grant, has the practice been in accordance with my understanding of the construction?

Mr. GRANT. Yes, sir.

Mr. SNAPP. General, under the present regulations, who selects the substitute to take the place of a clerk on sick leave?

Mr. GRANT. The chief clerk usually.

Mr. SHALLENBERGER. Under the general supervision of the division superintendent.

Mr. SNAPP. If this amendment that is proposed should be adopted, wouldn't it leave the selection of the substitute to the clerk that was sick?

Mr. GRANT. I don't understand it that way.

Mr. SNAPP. Don't you intend that there should be a personal arrangement between this clerk and some other clerk who would perform his service, in such a way as to save to the sick clerk a portion of his salary, thereby leaving to him the selection of the substitute?

Mr. GRANT. In practical operation the clerk who is sick should notify his chief clerk, and the chief clerk would instruct some substitute to take the run.

Mr. SNAPP. Wouldn't the plain operation of this privilege be this—that on a car that had a crew of five men it would result in actual practice in giving each of those men a thirty-day sick leave each year, each clerk saving to himself the difference between his salary and the salary of an \$800 substitute?

Mr. GRANT. I can not see how it could possibly operate that way.

Mr. SNAPP. Don't you think that under this provision each member of the crew would claim his thirty days' sick leave, and by an arrangement among themselves the work would be done on that car during that five months by the employment of one substitute, thereby saving to each clerk the difference between his salary, the salary of his grade, and the salary of a substitute?

Mr. SHALLENBERGER. Only one month is involved.

Mr. SNAPP. One month for each man, General. What do you think of that, Mr. Grant?

Mr. GRANT. That is an extreme way of stating it, but I can not deny but that might be done. It would contemplate, however, that the officers of the service would not know a thing about what was going on, and that a man could obtain a physician's certificate falsely.

Mr. SNAPP. General Shallenberger only a few moments ago mentioned the reasons why sickness is more likely to occur among railway-mail clerks than clerks that are in other branches of the postal service; and would it be at all out of the way to anticipate, if this provision were enacted, that in a crew of five men each one of them would be sick for this thirty days allowed by law in each year?

Mr. GRANT. If the clerk in the crew was actually sick for thirty days during the year I think that that provision should apply to him.

Mr. SNAPP. That is not what I am asking. That may be true, but I am trying to ascertain if in your judgment it would not result in this way—that in every crew, say of 5 men, there would be five months of sick leave, and that each of those clerks would save to himself while on such leave the difference between his salary and the salary of a substitute at \$800 a year?

Mr. SHALLENBERGER. I would like to reply that that is not a fair assumption. While it is possible that 5 clerks out of a crew, being all the clerks in the crew, would be entitled in the discretion of the Postmaster-General to the privileges of this leave, it is extremely improbable that 5 clerks in any one year would come within its provisions, just as it is highly improbable that in a room in the Department in which 5 clerks are employed they would all avail themselves of the present law which permits the Postmaster-General to

give them thirty days' leave in the event they are detained by serious illness.

The CHAIRMAN. We will now go to the item for acting clerks in place of clerks injured while on duty—\$100,000. Has the Department, Mr. Shallenberger, made any inquiry during the last fiscal year upon the point that I suggested last year of a closer scrutiny as to the real disability of injured clerks, and to ascertain whether or not they were being given longer periods for their recovery than their disabilities really required?

Mr. SHALLENBERGER. It has, with the general result of ascertaining that it is only in rare cases when there is any abuse of the privilege. Those cases have been reported to us, and have resulted in stricter regulations and instructions to our division superintendents with reference to the scrutiny of certificates of physicians in all such cases, as well as a personal observation, so far as practicable, of the condition of the clerk alleged to be injured.

The CHAIRMAN. You require certificates from physicians, do you?

Mr. SHALLENBERGER. In all cases.

The CHAIRMAN. Do you accept the certificate of any physician who happens to file it, regardless of his relationship to the clerk?

Mr. SHALLENBERGER. We do not, when there is any reason whatever to suspect. We require the clerk to appear before a physician to be selected by the division superintendent, and to be examined at his own expense. Again, as I say, we have charged the chief clerk with the duty of personally observing the physical condition of the clerks who are off duty on physician's certificates, so that, if they are able to do the work, they shall be at once examined.

The CHAIRMAN. What objection would there be to requiring these certificates of physicians from boards of pension examining surgeons; in other words, establishing the practice of having these disabled clerks appear before the regularly appointed Federal board of physicians now organized under the pension service?

Mr. SHALLENBERGER. I would see no objection to that. If I am not wrong in the statement, we have requested that the Secretary of War allow army surgeons, when conveniently located, to examine our postal clerks, and in one or two points in Texas, Mr. Grant, we have had that examination made, have we not?

Mr. GRANT. Only one that I recall now.

Mr. SHALLENBERGER. Well, in at least one case the army surgeon did make an examination, when we desired to check the certificate of a family physician.

The CHAIRMAN. May I ask you at this point to state the number of clerks killed and the number injured during the past fiscal year?

Mr. GRANT. Page 21 of the Second Assistant's report shows that there were 357 casualties to mail cars during last year in which clerks were killed or injured. The number of killed was twelve, 125 seriously injured, and 386 slightly injured.

The CHAIRMAN. A thousand dollars is paid to the heirs of those who were killed, which would make \$12,000. The remainder of the expenditure was for compensation to those who were injured?

Mr. GRANT. Pay for substitutes who worked for them. There was \$68,502.40 expended from this fund, \$12,000 of that being for deaths.

The CHAIRMAN. What proportion was paid for acting clerks, and what proportion for the injured clerks?

Mr. GRANT. In 1905 we paid altogether \$41,497.60.

The CHAIRMAN. How much was paid from this appropriation for acting clerks in place of clerks injured while on duty?

Mr. GRANT. Fifty-six thousand five hundred and two dollars and forty cents; that is, deducting \$12,000 from the \$68,502.40 for the 12 men who were killed.

The CHAIRMAN. Part of this \$56,000 was to injured clerks?

Mr. SHAILENBERGER. We pay nothing to injured clerks.

Mr. GRANT. The only payment from that appropriation is to acting clerks.

The CHAIRMAN. And to those killed?

Mr. GRANT. Yes.

Mr. GARDNER. How long does the salary of the injured clerk go on?

Mr. SHAILENBERGER. Not exceeding one year.

The CHAIRMAN. That is paid out of the regular allowance for clerk hire?

Mr. STONE. The later figures on the amount actually expended are \$70,428.

The CHAIRMAN. That amount is charged to this account for 1905, do you say?

Mr. STONE. Our statistician has taken it from the auditor's figures, the latest.

The CHAIRMAN. Did we include anything in this service left over from prior years? On page 35 of the report of the auditor of the Post-Office Department for the fiscal year ended June 30, 1905, appears under the railway mail services expenditure, "for injury service amount appropriated including the special acts and deficiencies, \$110,000. Expended, \$68,502.40."

Mr. STONE. That would undoubtedly be correct at the time he made that report, but he keeps that account open, and any other payments that come in are charged against it.

The CHAIRMAN. But it says simply June 30, 1905.

Mr. STONE. He keeps charging to that year any items that come in subsequently if they are to be charged to that year. He closes that account for purposes of that report with the September account. Supposing in October an account should come in relating to June or May, it would be probably added to that.

The CHAIRMAN. What account could come in in October of the injury to a clerk prior to June 30, 1905?

Mr. STONE. I can only say that there might be some delayed accounts. I know that is the case as to all items of appropriation.

The CHAIRMAN. My recollection is that the Auditor's report was not made public until the last of November.

Mr. STONE. That may be true. I think he fixes September 30 as the day for closing the figures.

The CHAIRMAN. Is it possible that there may be some other account chargeable to this item?

Mr. STONE. In this particular one I should think from the nature of the work that there would be very few. But if you take another item, say the one of balances due foreign countries, and transportation of foreign mails, the accounts might not come in for a year.

The CHAIRMAN. These amounts that I gave I took from the auditor's report.

Mr. STONE. I so understood.

Mr. GARDNER. There were 125 clerks seriously injured, and 386 slightly injured, the last fiscal year. I understand that their salary goes on during the period of their incapacity by the injury to not exceed one year. Now, that makes an aggregate of 511 clerks for a greater or less period that are off duty because of injury. I wanted to inquire how you estimate the amount of clerk hire for the year. I understand they are paid out of the appropriation for clerk hire. Is there, then in the clerk-hire item a contingency amount which can be applied for a greater or less period for 511 men, a period which we can only surmise?

Mr. SHALLENBERGER. I do not see that there would be any reason to consider these clerks that are injured in service as affecting the item of appropriation. Their salary varies for the entire year. The only effect to be considered is the probable amount necessary to pay acting clerks who are employed to take their place.

Mr. GARDNER. And that is a separate item in the bill.

Mr. SHALLENBERGER. A separate item.

Mr. GARDNER. So that it is segregated.

Mr. SHALLENBERGER. Yes.

Mr. SNAPP. Do you keep any record at all of what may be paid in any instance to the injured clerk, or to the family or representative of the clerk who is killed by the railroad company?

Mr. SHALLENBERGER. We keep records—the records of our payments to acting clerks covering the period. We keep no record of the money paid to the injured clerk, because, as a matter of fact, it is his regular salary.

Mr. SNAPP. You do not understand my question.

(Question read by the reporter.)

Mr. SHALLENBERGER. We keep no such record.

Mr. SNAPP. Do you ever obtain any information in regard to that?

Mr. SHALLENBERGER. Only indirectly.

Mr. SNAPP. Of course you understand, I presume, as I do, that these clerks, so far as the railroad companies are concerned, are passengers, and they have their remedy in case of injury or death the same as the passenger. I was trying to ascertain, if you knew, how much in any single case that you might know of had been paid by a railroad company to an injured clerk or representative of the clerk who had been killed.

Mr. SHALLENBERGER. We have no official information or record.

Mr. SNAPP. In other words, they have two remedies—one against the railroad company—and they are also entitled under the law to one year's salary in case of injury and \$1,000 in case of death. I was trying to ascertain if you knew what had been the payments in any cases by railroad companies.

Mr. SHALLENBERGER. Well, we have no official information on that point. It has been an interesting question to me, as it suggests itself to your mind.

Mr. SNAPP. It strikes me that the allowances and payments made by the Government in these cases might properly depend upon each individual case, on the amount that this passenger—this railway-mail clerk who is a passenger—receives from the railroad company who is responsible for his injury or death.

Mr. SHALLENBERGER. The payment by the Government would be indefinitely delayed if we should wait on litigation at all in these cases.

Mr. STAFFORD. Do the railway mail-clerks surrender any right that a passenger would have, by their service, if they are injured while traveling in the R. P. O. cars?

Mr. SHALLENBERGER. I am not advised that they do; I think not.

Mr. STAFFORD. There are no conditions exacted by the railroad company, and none prescribed by the Department, in the certificate that is issued them by the Department?

Mr. SHALLENBERGER. There are not.

The CHAIRMAN. Mr. Shallenberger, this particular item of appropriation is for two purposes, as I understand it; if a clerk is killed, his legal representatives are entitled to \$1,000; if a clerk is injured, not killed, he simply draws his regular pay during the period of his disabilities to the extent of being unable to return to work, but is paid his salary out of the regular railway mail service appropriation.

Mr. SHALLENBERGER. That is true.

The CHAIRMAN. But if there is no death, simply an injury, then the only charge on this appropriation is for acting clerks who perform the service of a disabled clerk?

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The CHAIRMAN. Supposing a clerk is injured, say, in the month of May, and dies in the following September. Would the thousand dollars due his legal representatives be paid out of the appropriation for the fiscal year during which the injury occurred, or during the year the death occurred?

Mr. GRANT. We have never had a case like that up.

The CHAIRMAN. I can not understand why there can be any account, as referred to by Mr. Stone, coming up after the fiscal year, because if the clerk is injured or disabled for service, he is paid out of the regular appropriation for clerk hire for that fiscal year; and if the period of disability lapse over into a subsequent fiscal year, he is then paid out of the appropriation of the subsequent fiscal year. Hence there is no amount to be charged back against the old appropriation; and if the acting clerk who performs that service, for a part of the fiscal year during the disability is paid out of this appropriation for the remainder of the fiscal year, if that period of employment lapses over into the subsequent fiscal year, the remainder of his pay as acting clerk is paid out of the appropriation for the subsequent fiscal year.

Mr. SHALLENBERGER. If the appropriation is continued.

The CHAIRMAN. It does not have to be continued. Here, we make an appropriation for railway mail clerks for the fiscal year 1905, and one of these clerks is injured during the year 1905. An acting clerk is designated to take his work, and that acting clerk is paid out of this item that we are now considering during the disability of the injured clerk. If the injured and disabled clerk continued beyond the end of that fiscal year, then the services of the acting clerk are paid for the next fiscal year, and such portion as he performs, out of the subsequent appropriation, out of the new appropriation.

Mr. STONE. Suppose that the acting clerk performs the service in general, and suppose that he received his payment through some postmaster, and the postmaster's account for that quarter had not actually been finally settled by the Auditor until after September 30—

The CHAIRMAN. Do postmasters pay railway mail clerks?

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Mr. GARDNER. Or does it mean that they died during that year as the result of injuries which occurred at some time or other?

Mr. GRANT. That is the number that were killed outright, or died as a direct result of their injuries.

Mr. GARDNER. But did they incur injury within the fiscal year in which they died?

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Mr. STONE. In the year in which they actually died. Supposing the clerk died in June, the thousand dollars would be chargeable to that fiscal year, say 1905. The Auditor must find out who the proper person, the legal representative, is to whom the money shall be paid. Supposing his investigation should not be completed until after September 30, there then would be a thousand dollars to charge back.

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Mr. STONE. Ninety.

Mr. STAFFORD. Ninety as compared with 125?

Mr. STONE. Yes, sir.

Mr. STAFFORD. That would result in a diminishing amount in the item for the year prior rather than an increase?

Mr. STONE. It might and it might not, depending upon how long the individual disabilities continued.

Mr. STAFFORD. What is the average length of absence of those seriously injured clerks who are obliged to remain away from the service?

Mr. GRANT. We have no figures; we have not compiled them.

The CHAIRMAN. Have you any data as to the amount of money paid in salaries to injured clerks who were so disabled that they could not perform service during the fiscal year 1905?

Mr. GRANT. We have never figured that.

The CHAIRMAN. The next item is for actual necessary expenses of general superintendent, assistant general superintendent, chief clerk, etc. I notice in your recommendation that you modify the language

so as to include the "division of railway mail service." Is that language recommended in view of the recommendation for the transfer of these officers to the departmental service, so that that service will hereafter be known as the division of railway mail service?

Mr. SHALLENBERGER. It is made to conform to the regulations authorized and directed by the Postmaster-General.

The CHAIRMAN. And if those officials should not be transferred to the legislative bill, then there would be no occasion for this language, "Division of Railway Mail Service." Is that correct?

Mr. SHALLENBERGER. This language would obtain under the general authority granted the Postmaster-General to reorganize his Department and classify it as may seem best to him. It would still be, in postal phraseology, the Division of Railway Mail Service.

The CHAIRMAN. Whether transferred or not?

Mr. SHALLENBERGER. Whether transferred or not.

The CHAIRMAN. You ask for the same appropriation, \$21,000. In view of the expenditures for the last fiscal year and the years preceding of a little over \$17,000 out of an appropriation of \$21,000, do you think that you will need as much as \$21,000 for this item during the next year?

Mr. SHALLENBERGER. Mr. Stone will answer.

Mr. STONE. I think that margin is none too large. You can not estimate the exact amount of travel that is going to be done by these officials.

Mr. STAFFORD. Do any of the men who have an allowance provided for in this item receive any stipulated per diem allowance?

Mr. STONE. They do not.

Mr. STAFFORD. Do any of these men here stated receive a certain amount for their expenses each year?

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Mr. SHALLENBERGER. The allowance is held as low as possible, and in view of the fact that we are now forbidden to exceed the limit of appropriation, it is perhaps more necessary than ever before that there should not be a close appropriation.

The CHAIRMAN. At the top of page 32, in the first line, you recommend the insertion in the law of the word "post-office," so that the item of expenditure will read: "While actually traveling on business of the Post-Office Department," in place of the words "While actually traveling on business of the Department." Is that just simply to change the phraseology or is it contemplated to use any officials in traveling upon business other than that affecting railway mail service?

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Mr. STAFFORD. Do I understand, then, that whether the clerks that have been recommended for transfer to the legislative bill be inserted there or not, the change of phraseology shall remain?

The CHAIRMAN. That is his recommendation.

The next item is for rent, light, fuel, telegraph, and miscellaneous office expenses, schedules of mail trains, telephone service, typewriting machines, and badges for railway postal clerks, \$58,500.

Mr. SHALLENBERGER. That is the same amount.

The CHAIRMAN. Why do you wish to maintain in this item "typewriting machines" instead of depending upon the supply division for such typewriters, as is the case in other branches of the postal service?

... intended to cover the necessary
... peculiar typewriting machines?

... typewriting machines" should be
... mail service under the Second
... have recourse upon the supply division

... adequate amount were added to that
... from this.

... you regard as the adequate amount?

... state that in reference to the individual
... these them through the purchasing agent now.
... stand so; but my understanding also is that
... not peculiar to any one feature of the service
... all the supply division, but items like mail
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... and it was only for the purpose of maintain-
... that I inquired whether there were any peculiar

... that you were interested in.

... reason for that.

... If the words "typewriting machines" should be
... item, what amount of the appropriation of \$58,500
... for the next fiscal year?

... I would have to go back to the office to get that.

... Will you please furnish us that information?

... Yes, sir.

... What premises are provided for in that item in the
... light, and fuel?

... Rent for division superintendents' offices, chief clerks'
... Those are the only items of rent.

... Are those offices in cities which have no Govern-
... building?

... Yes, sir; and where we have no accommodations in
... Government buildings.

... It is the practice to have these offices located in
... Government buildings wherever they have adequate accommodations?

... Yes, sir.

... How much is expended for rent, light, and fuel;
... and can you segregate by amounts the expenditures for the various
... other items mentioned?

... I haven't the figures here, but we have them in the
... office.

... Do you know what percentage generally is required
... for each of these respective items?

... No, sir.

... I would like to have that.

The CHAIRMAN. The next item is for per diem allowance of assistant
superintendents. You ask for an increase of \$5,000, from \$25,000 to
\$30,000. Can you explain the necessity for that increase? My under-
standing is that there is no increase in the number of assistants over
the present law.

Mr. GRANT. The amount stated was too low, and we did not have
enough money to carry us through.

The CHAIRMAN. How much was expended during the last fiscal year for per diem allowances for assistant superintendents?

Mr. STONE. That was formerly carried as one item, \$30,000, and for other necessary expenses not covered by per diem, all included originally in one item of \$30,000. The committee made a segregation by which not exceeding \$5,000 should be used for this purpose. The result was that last year for the per diem we needed more money, and for the other item in the bill we did not need as much.

The CHAIRMAN. The way this item reads now it would increase the appropriation to \$32,500, an increase of \$2,500. For what purpose is it necessary to increase that?

Mr. STONE. The per diem account was very close last year.

The CHAIRMAN. How much was expended for per diem last year?

Mr. GRANT. The unexpended balance was \$554.

The CHAIRMAN. How much was expended for necessary official expenses not covered by per diem?

Mr. GRANT. I haven't got that here.

Mr. STONE. We have not the separate items.

Mr. SHALLENBERGER. If you will run back for a series of years you will see that we do not expend the money in that item, no matter how much is appropriated.

The CHAIRMAN. It is on that account that I am trying to learn the necessity for a further increase.

Mr. SHALLENBERGER. The appropriation ran so close, however, last year, that we feared that the exigencies of the service may require us to use more money.

The CHAIRMAN. Would it not answer all of the purposes of this service if an appropriation should be made for per diem allowances of assistant superintendents \$25,000, and for their necessary official expenses not covered by their per diem allowance not exceeding \$2,500?

Mr. STONE. I think that would be running too close. Unless we have enough money to insure our being able to pay the per diem when the men are traveling, we may reach the condition where we will have to stop the men traveling, because we would not have any money to cover that expense.

Mr. STAFFORD. As I understand it, one of the 23 men who is provided for here is located at Honolulu. He is not required to travel every day or two, is he?

Mr. STONE. He is only one man out of the whole.

Mr. STAFFORD. As to that one man, how many days in the year is he obliged to travel to entitle him to a per diem allowance?

Mr. SHALLENBERGER. He is not entitled to a per diem allowance any day on which he does not travel.

Mr. STAFFORD. I understand under the law he is not, but I am trying to ascertain how many days in the year he does receive, by reason of his work under the law, compensation by reason of the per diem allowance being allowed.

Mr. SHALLENBERGER. The compilation from the several monthly accounts could be made quite easily and show the exact number of days allowed by the Auditor in each month.

Mr. STAFFORD. I do not doubt that it can be computed, but what I want to ascertain is how many days he is obliged to get out and away from his domicile or designated headquarters in order to entitle him to a per diem allowance.

Mr. GARDNER. There were 125 clerks seriously injured, and 386 slightly injured, the last fiscal year. I understand that their salary goes on during the period of their incapacity by the injury to not exceed one year. Now, that makes an aggregate of 511 clerks for a greater or less period that are off duty because of injury. I wanted to inquire how you estimate the amount of clerk hire for the year. I understand they are paid out of the appropriation for clerk hire. Is there, then in the clerk-hire item a contingency amount which can be applied for a greater or less period for 511 men, a period which we can only surmise?

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Mr. GRANT. The appropriation is intended to cover the necessary supplies at division headquarters.

The CHAIRMAN. There are no peculiar typewriting machines?

Mr. STONE. No.

The CHAIRMAN. If the words "typewriting machines" should be omitted from this item, the railway mail service under the Second Assistant's division, would still have recourse upon the supply division for those machines, would it not?

Mr. SHALLENBERGER. If the adequate amount were added to that appropriation, and deducted from this.

The CHAIRMAN. What do you regard as the adequate amount?

Mr. GRANT. I could not state that in reference to the individual item. Of course we purchase them through the purchasing agent now.

The CHAIRMAN. I understand so; but my understanding also is that items of general supplies not peculiar to any one feature of the service are included in what we call the supply division, but items like mail bags and things that are peculiar to a division are retained in the appropriation for that division, and it was only for the purpose of maintaining that consistency that I inquired whether there were any peculiar typewriting machines that you were interested in.

Mr. GRANT. No reason for that.

The CHAIRMAN. If the words "typewriting machines" should be omitted from this item, what amount of the appropriation of \$58,500 could be cut off for the next fiscal year?

Mr. GRANT. I would have to go back to the office to get that.

The CHAIRMAN. Will you please furnish us that information?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. What premises are provided for in that item in the way of rent, light, and fuel?

Mr. GRANT. Rent for division superintendents' offices, chief clerks' offices. Those are the only items of rent.

Mr. STAFFORD. Are those offices in cities which have no Government building?

Mr. GRANT. Yes, sir; and where we have no accommodations in Government buildings.

Mr. STAFFORD. It is the practice to have these offices located in Government buildings wherever they have adequate accommodations?

Mr. GRANT. Yes, sir.

Mr. STAFFORD. How much is expended for rent, light, and fuel; and can you segregate by amounts the expenditures for the various other items mentioned?

Mr. GRANT. I haven't the figures here, but we have them in the office.

Mr. STAFFORD. Do you know what percentage generally is required for each of these respective items?

Mr. GRANT. No, sir.

Mr. STAFFORD. I would like to have that.

The CHAIRMAN. The next item is for per diem allowance of assistant superintendents. You ask for an increase of \$5,000, from \$25,000 to \$30,000. Can you explain the necessity for that increase? My understanding is that there is no increase in the number of assistants over the present law.

Mr. GRANT. The amount stated was too low, and we did not have enough money to carry us through.

The CHAIRMAN. How much was expended during the last fiscal year for per diem allowances for assistant superintendents?

Mr. STONE. That was formerly carried as one item, \$30,000, and for other necessary expenses not covered by per diem, all included originally in one item of \$30,000. The committee made a segregation by which not exceeding \$5,000 should be used for this purpose. The result was that last year for the per diem we needed more money, and for the other item in the bill we did not need as much.

The CHAIRMAN. The way this item reads now it would increase the appropriation to \$32,500, an increase of \$2,500. For what purpose is it necessary to increase that?

Mr. STONE. The per diem account was very close last year.

The CHAIRMAN. How much was expended for per diem last year?

Mr. GRANT. The unexpended balance was \$554.

The CHAIRMAN. How much was expended for necessary official expenses not covered by per diem?

Mr. GRANT. I haven't got that here.

Mr. STONE. We have not the separate items.

Mr. SHALLENBERGER. If you will run back for a series of years you will see that we do not expend the money in that item, no matter how much is appropriated.

The CHAIRMAN. It is on that account that I am trying to learn the necessity for a further increase.

Mr. SHALLENBERGER. The appropriation ran so close, however, last year, that we feared that the exigencies of the service may require us to use more money.

The CHAIRMAN. Would it not answer all of the purposes of this service if an appropriation should be made for per diem allowances of assistant superintendents \$25,000, and for their necessary official expenses not covered by their per diem allowance not exceeding \$2,500?

Mr. STONE. I think that would be running too close. Unless we have enough money to insure our being able to pay the per diem when the men are traveling, we may reach the condition where we will have to stop the men traveling, because we would not have any money to cover that expense.

Mr. STAFFORD. As I understand it, one of the 23 men who is provided for here is located at Honolulu. He is not required to travel every day or two, is he?

Mr. STONE. He is only one man out of the whole.

Mr. STAFFORD. As to that one man, how many days in the year is he obliged to travel to entitle him to a per diem allowance?

Mr. SHALLENBERGER. He is not entitled to a per diem allowance any day on which he does not travel.

Mr. STAFFORD. I understand under the law he is not, but I am trying to ascertain how many days in the year he does receive, by reason of his work under the law, compensation by reason of the per diem allowance being allowed.

Mr. SHALLENBERGER. The compilation from the several monthly accounts could be made quite easily and show the exact number of days allowed by the Auditor in each month.

Mr. STAFFORD. I do not doubt that it can be computed, but what I want to ascertain is how many days he is obliged to get out and away from his domicile or designated headquarters in order to entitle him to a per diem allowance.

Mr. STONE. We have no record of individual cases.

The CHAIRMAN. Have you any approximate estimate, or have you a case as to how many days on an average is paid one of these assistant superintendents during the year for per diem?

Mr. SHALLENBERGER. I think such information has been given in previous years, but I do not now remember.

THE CHAIRMAN. I think you have 28 assistant superintendents authorized. Do you divide that 28 into the \$25,000, which would show the average that each one would receive? In that case if there were a less number employed it would make it possible for a larger average per diem to appear.

Mr. STONE. I can only say that nearly all of those men are traveling a greater part of the time, nearly all of the time—I mean all of them are traveling—and they receive their per diem for nearly all of the year.

The CHAIRMAN. I think you stated yesterday that about 18 of the grade of \$1,600 were employed on the 1st day of January; is that correct?

Mr. STONE. That is right.

The CHAIRMAN. That makes 5 available but not employed. On what account are they not employed?

Mr. STONE. There were 18 of the \$1,600 men employed. The appropriation provides for 23. You remember that one of those was put in here by error. The number that had been recommended was 22.

Mr. SNAPP. Why do you ask for 23 for the next year if you only employ 18 for the current year?

Mr. STONE. In view of the explanation that was made yesterday, if the Assistant Superintendent of Foreign Mails continues, then one may be deducted from that, and that leaves a margin of four.

Mr. SNAPP. What reason have you to think that it may be necessary to increase that by four? You did not increase it this year, though authorized?

Mr. SHALLENBERGER. We do not authorize the increase in the number of assistant superintendents until the necessary supervision of the service, which is continually extending, demands it; just as we withhold the authorization for additional chief clerks until the service in any given section of the country, the multiplication of routes, the additional responsibility, and so forth, requires that supervision.

We find it necessary more and more by reason of this general extension and importance of all the branches of the service to give it closer supervision and reduce the territory over which one travels and operates. We withhold, as I have said, the establishment until the demand seems to become insistent. We can not tell just how many will have to be appointed.

Mr. SNAPP. That does not answer my question. The current law authorizes 23 assistant superintendents in the \$1,600 grade, and you actually employ 18 only. Now, why do you estimate or recommend 23 for the next year when the exigencies of the service have not prompted you to employ but 18 for the fiscal year? What reason have you to anticipate that it may require 23 for the next year when only 18 were required for this year, though you were authorized to employ 23?

Mr. SHALLENBERGER. You mean 22 instead of 23; we have corrected that.

Mr. SNAPP. The law said 23, did it not?

The CHAIRMAN. That was our mistake.

Mr. SNAPP. Well, they only employ 18. Now I am inquiring why they are asking for 23 next year?

Mr. SHALLENBERGER. We are not asking for 23 next year; if so, it is a mistake.

Mr. SNAPP. Then why do you estimate for 22 for the next year?

Mr. SHALLENBERGER. Because of the possibility of needing the additional superintendent over the 18.

Mr. SNAPP. But you were wrong last year in asking for 22, because you employed only 18.

Mr. SHALLENBERGER. I do not consider that we were wrong in asking for authority to do that which we found it unnecessary to do.

Mr. SNAPP. Then I will put it in another way. The committee made a mistake, I will say, in authorizing 22 when you really only wanted 18.

Mr. SHALLENBERGER. No, I think not, because it has not cost the Government one dollar, and it has fortified the Department in its ability to do a certain class of work if it is necessary to be done.

Mr. SNAPP. We certainly made a mistake in authorizing you to employ more men than were actually needed for this service.

Mr. SHALLENBERGER. Then you are mistaken in authorizing the Postmaster-General to have any discretion.

Mr. GARDNER. I think the Department should be commended for not rushing up to the limit of their authority.

Mr. SNAPP. But the Department has asked for more this year.

Mr. SHALLENBERGER. We ask that you have faith in our disbursement of this appropriation, because we can show that for years we have been protecting the revenues by not disbursing \$1, excepting when necessary. If in the exercise of your discretion you put a fixed limitation on an appropriation, and there is a prohibition of law making it a misdemeanor for that appropriation to be exceeded, then we are powerless to do the work which may develop.

Mr. FINLEY. Is there any prospect of a necessity for increased amount of work on the part of these officials in the ensuing year above what it is at the present time?

Mr. SHALLENBERGER. I think it is fair to assume that such will be the case, because of the enormous increase in the postal service.

Mr. FINLEY. Do you reasonably expect that it will amount to as much as the increase called for in the number here?

Mr. SHALLENBERGER. I think the number is liberal, but I say that it can not cost the Government anything unless the administration of the office shall change and neglect and extravagance shall take the place of care and economy.

Mr. SNAPP. I think it may be shown that last year when you recommended 22 you made the same statement to the committee that the exigencies and growth of the service would in all probability require the employment of the 22.

Mr. SHALLENBERGER. My answers will cover that so far as I can see, also.

Mr. SNAPP. And yet you employed only 18?

Mr. SHALLENBERGER. Yes.

Adjourned at 1.15 p. m.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Thursday, February 1, 1906.

AFTER RECESS.

The committee resumed its session at 2 o'clock p. m., Hon. Jesse Overstreet in the chair.

STATEMENT OF HON. W. S. SHALLENBERGER—Continued.

The CHAIRMAN. General Shallenberger, you may make whatever statement you desire to the committee with reference to the appropriation for electric and cable car service, page 33 of the bill.

General SHALLENBERGER. Mr. Chairman, I would like to substitute for the item on page 33, "For inland transportation of mail by electric and cable cars," the following:

For inland transportation of mail by electric and cable cars, \$940,000: *Provided*, That the rate of compensation to be paid per mile shall not exceed the rate now paid to companies performing such service, except that the Postmaster-General in cases where the quantity of mail is large and the number of exchange points numerous may, in his discretion, authorize payment for closed-pouch service at a rate per mile not to exceed one-third above the rate per mile now paid for closed-pouch service and for mail cars and apartments carrying the mails not to exceed the rate of one cent per linear foot per car mile of travel: *Provided further*, That the rates for electric-car service on routes over twenty miles in length outside of cities shall not exceed the rates paid for service on steam railroads: *Provided, however*, That \$172,600 of the sum in this item appropriated is hereby made available for the purpose of covering the cost of mail service by underground electric cars in the city of Chicago, Ill., now under contract.

The effect of this will be, Mr. Chairman, to increase the rate which we desire to pay for mail cars and apartments, from the rate originally recommended as one-third above the rates now paid, to a rate not exceeding 1 cent per linear foot per car mile of travel.

The CHAIRMAN. Will that be in addition to the first item that you have mentioned, or a separate rate?

General SHALLENBERGER. It will be separate and apart. The rate first mentioned is restricted to closed-pouch service, the rate now being 3 cents per mile traveled; the rate applicable to the mail cars and apartments being an entirely different rate, based on the length of the car. We find that we are unable to extend the service by electric cars in the principal cities, and we are having positive written notice from some of the car lines in some of the cities that they can not continue service under the present rates longer than June 30, 1906. Casting about with a view to a substitution of other service for this, we find that the screen-wagon service, which in most cases would have to be substituted, is very much more expensive and very much less desirable.

A careful comparison between the rates now paid for electric car service and those paid for other branches of our service develops the fact that it is the cheapest transportation service we have, the average rate per mile paid being less than that for star-route service, for ordinary messenger service in cities, for screen-wagon service, and for any other service which could be compared with it or substituted for it. My view is that we should enlarge the field of competition as much as possible, in order that when we fail to secure the one we

may reach out for the other; and in considering a proposition for the one we should also be able to consider an alternate proposition for service that might be substituted for it.

We therefore recommend that the appropriation for car service be increased to not exceed 1 cent per linear foot, because in the cities where the service is now being performed, that will secure a speedier service at very considerably less cost than we will be required to pay for screen-wagon service. The city of St. Louis, especially, where the service is perhaps conducted with as good effect as in any other city, has now cars 20 feet in length. They receive, under the present law, about 13½ cents for such cars.

Mr. HEDGE. Thirteen and one-half cents per mile?

General SHALLENBERGER. Yes, per mile—13½ cents per mile run. How does the volume of mail that can be carried in a 20-foot car compare with the weight of mail in our largest wagons?

Mr. CREW. It will carry as much, if necessary.

General SHALLENBERGER. It will carry as much mail, if necessary, as we can get into one of our large wagons. The average cost of wagon service in cities of the size of St. Louis—indeed, the average cost of all wagon service throughout the country—is 23.86 cents per mile traveled. Of course, I do not claim that we should pay quite as much per mile traveled for the electric and cable car service, because the wagon service is from curb to curb, whereas in certain instances we must supply additional messenger service to meet the street-car service. But when I consider the demand of the company for 25 cents per car mile of travel, which is their demand now, I say that while it is, I think, too high, I believe that 20 cents per car mile of travel will be abundantly justified for the service, and will, I think, enable the Department to secure and retain that very important service in the city of St. Louis.

I believe, further, that it will enable us to secure the extension of service in Boston and Brooklyn and Philadelphia, where we are now unable to secure it, and to secure it to better advantage and with more efficiency than the alternative service by screen wagon.

I have given very careful consideration to the effect of this, and have, as you notice, added a proviso that the rates for electric-car service on routes over 20 miles in length outside of cities shall not exceed the rates paid for service on steam railroads. I do not wish to tempt steam railroads to substitute electric power for steam and then come in under the rates provided for in this particular item.

The CHAIRMAN. But what if an electric-car line in excess of 20 miles in length should parallel a steam road?

General SHALLENBERGER. This would prohibit us from paying electric rates beyond the 20-mile limit. That is my object in this particular proviso. We would be prohibited from paying, and the auditor would not pass the account, if the service was continued beyond 20 miles.

Mr. STAFFORD. Does that phraseology provide for that, or only that the rate shall not exceed that paid to the railroad in case the electric-car service is longer than 20 miles?

General SHALLENBERGER. I accept the correction. We considered that point, and we thought it not wise to prohibit the carriage of mails on electric-car roads, but simply to prohibit us from paying a rate of compensation that would exceed the rate paid on that particular steam road.

We may find it better to continue the service on an electric-car line paralleling a steam road because of its increased frequency, and because of the fact that when an electric or cable car company is performing service to suburban points the steam railways reduce the same service and make it less effective than it was before; so that we often desire to substitute an electric for a steam service. But I desire that there should be no opportunity for us to pay electric-car rates on lines greater than 20 miles in length.

We are now compelled to pay, after advertisement, in some of the eastern cities as high as 38 cents per mile traveled for wagon service. When we estimated for this item, in conference with the Postmaster-General in the early fall, it was suspected that we might be able to get the service by a flat increase of one-third on the rates applicable to both the closed-pouch service and the full-car and apartment-car service. But on information received since, and after a most careful consideration of the subject, we feel that 1 cent per linear foot is the lowest rate that will enable us to secure the increased service, and in many cases to retain the present service.

The CHAIRMAN. What would be the comparison of amounts paid a steam railroad per mile of travel based upon the present weights, and 1 cent per linear foot per mile of travel based on this recommendation for electric-car service, where it would be less than 20 miles? Have you any way in which you can answer that?

Mr. CREW. I can answer it in general terms. I can not give you a definite figure; but our average rate for steam-railroad transportation is 10.98 cents per mile.

The CHAIRMAN. The 1 cent per linear foot per mile would make it 20 cents, would it not, for 20 miles?

Mr. CREW. That would make it 20 cents; yes.

The CHAIRMAN. Then this would be practically double the average cost of service as it is now obtained on steam roads?

Mr. CREW. No, I would not like to say that; but in every case where the power has been changed from steam to electric power, and we have applied electric rates, it has increased the pay possibly one-third or one-half, and in some cases has doubled the pay.

The CHAIRMAN. To give a concrete illustration, supposing the service now on a 20-mile railway route, on the average that you have given, would cost about 10½ cents per mile traveled?

Mr. CREW. Practically that, yes—that is, for an ordinary route.

The CHAIRMAN. If that should be abandoned and this amendment now recommended should be authorized, and a contract should be made for an electric road paralleling the steam route at the rate of 1 cent per linear foot per mile of travel, it would equal 20 cents, would it not, for the 20 miles?

Mr. CREW. It would equal 20 cents for the car if we authorized that change of car, but if we only authorized a 10-foot apartment it would only be 10 cents.

The CHAIRMAN (reading). "And for mail cars, and apartments carrying the mail, not to exceed the rate of 1 cent per linear foot per car-mile of travel."

Mr. CREW. Yes. That is, a 10-foot apartment would be 10 cents a mile, a 20-foot car would be 20 cents a mile under that arrangement. But the steam railroads we pay nothing for apartments; we pay by

weight. Therefore we would apply the weight rate to an electric line where it was over 20 miles in length.

The CHAIRMAN. In your computation of $10\frac{1}{2}$ cents per car mile traveled under steam-road travel you do not include the post-office car?

Mr. CREW. We take everything.

The CHAIRMAN. You include that?

Mr. CREW. All mileage.

Mr. HEDGE. How is that, if you please, 10.98 cents for steam-car travel? Will you please state that again?

Mr. CREW. For transportation of the mails on steam lines, it does not include the pay for R. P. O. cars. When you come to R. P. O. cars and add them to it, it makes 12.56.

The CHAIRMAN. That is just what I asked, if it included everything.

Mr. CREW. It includes the mails carried in them. I should have put it that way.

The CHAIRMAN. It is the mail by weight?

Mr. CREW. Yes; it is the mail by weight.

General SHALLENBERGER. I note your question, Mr. Chairman, and it is a very pertinent question. We tried to cover that by providing that the rates paid for this service shall not exceed the rates paid for service on steam railroads, estimated on the conditions of the law applicable to steam railroads; not per linear foot.

The CHAIRMAN. I wonder how you are going to ascertain that.

General SHALLENBERGER. By weighing on the electric-power road under the same conditions.

The CHAIRMAN. Oh, you would weigh on the electric railroad under the same conditions?

General SHALLENBERGER. Under the same conditions.

The CHAIRMAN. For runs in excess of the 20 miles?

General SHALLENBERGER. For runs in excess of the 20 miles we would weigh once in four years, in the same way that we weigh for the steam-power roads, and apply the lawful rates just as we do for the ordinary steam railroad.

The CHAIRMAN. Do you at present carry the mails on any electric cars outside of city boundaries?

General SHALLENBERGER. Oh, yes.

The CHAIRMAN. From what appropriation do you pay for them—the regular railway mail appropriation, or from this item of appropriation?

General SHALLENBERGER. From this item.

The CHAIRMAN. What is your average pay per mile traveled now, under present conditions, for electric cars?

Mr. SHALLENBERGER. For closed-pouch service, as we call it, three cents per mile traveled; for electric car or apartment service, Mr. Crew will state the law.

Mr. CREW. Three-quarters of a cent, practically.

The CHAIRMAN. Three-quarters of a cent per mile traveled?

Mr. CREW. Three-quarters of a cent per linear foot per mile traveled. Now, if you want the general average for electric car service, including all classes, for all routes in the country, on June 30, it was 5.15 cents per mile.

The CHAIRMAN. As against $10\frac{1}{2}$?

Mr. CREW. As against 10.98 for the railroads.

The CHAIRMAN. Then if this amendment should be authorized, and the increase of one-third made, it would still be much less than the rate on steam lines?

Mr. CREW. Much less; yes.

General SHALLENBERGER. The average rate would be still less than the average rate on steam roads.

The CHAIRMAN. Why would it not be better, then, General, in view of the economy, to authorize the carrying of mail by electric cars for greater distances than 20 miles?

General SHALLENBERGER. Because our averages would not be maintained under those conditions; and the tendency now is, in many sections of the country, simply to change the power from steam to electric without changing the conditions of service; and we do not apprehend that you would desire to change the rates of compensation in that indirect way for steam railway transportation.

The CHAIRMAN. It would be at a saving to the Government, would it not?

General SHALLENBERGER. That is only a possible saving; and we have not gone into the question to know what effect it would have if indefinitely extended.

Mr. CREW. In nearly all those cases they demand more frequent service on the electric line than we were able to command with the steam.

The CHAIRMAN. That would increase the mileage?

Mr. CREW. That would increase the mileage and increase the cost.

General SHALLENBERGER. Whereas it does not increase the compensation of steam railroads; they may increase the frequency of service from two trips a day to twenty trips a day, but that does not increase the compensation.

Mr. STAFFORD. It will if the amount of mail is accordingly divided so that the rate paid results in payment at a higher figure?

General SHALLENBERGER. If the rate is per car mile of travel, it will increase the rate, because there the frequency determines the mileage on steam railroads. Hence we do not desire to enter that field through this means.

Mr. STAFFORD. Were you strictly accurate in saying that the rate paid to the railways for the carriage of mail does not vary, even though it is multiplied tenfold?

General SHALLENBERGER. The frequency may be multiplied tenfold without increasing the compensation, except possibly in the postal cars that are made necessary by reason of that increased frequency.

Mr. STAFFORD. As I understand, and as you well know, their pay is based on the amount that is carried. Now, if that amount is distributed so that on a certain train and on these various trains the amount carried is the lowest amount, or below that, the railroad would receive the highest rate of pay?

Mr. SNAP. No; the basis of their compensation is daily weight multiplied by mileage.

General SHALLENBERGER. The pay is fixed on the gross weight averaged over the whole line during twenty-four hours, taking all trains.

Mr. STAFFORD. And not for each individual service?

General SHALLENBERGER. Taking all trains.

Mr. STAFFORD. I had a different understanding.

The CHAIRMAN. Why do you desire the exception to apply to cases

where the quantity of mail is large and the number of exchange points numerous? What has that to do with your administration of this branch of the service?

General SHALLENBERGER. For the reason that there are many places in the country, where the electric car lines run out through a sparsely settled section and have but few stops, were 3 cents per mile traveled is all that we shall tender them, and they will be quite willing to accept it.

Then, as the frequency of post-offices along the route increases, and the duty of serving those offices imposes an additional burden on the company, and the weight of mail is a little larger, so that it takes two or three pouches in the front end of the car for the motorman to handle, they will refuse to accept the service. We think that 4 cents a mile will induce those roads to take the mail. So that the discretion vested in the Department will enable us to secure all the closed-pouch service we need, with an increase of not exceeding 33½ per cent; but we are quite sure that that would not enable us to secure the service on full car lines.

Mr. STAFFORD. What service is required of these electric-car lines when they carry pouches, so far as their dispatch or delivery is concerned?

General SHALLENBERGER. When the delivery into the post-office or postal station can be made without any substantial interruption of the service they will accept the service with that obligation included. When the post-office is located a little distance from the intersection of the street where the mail is to be delivered, we must then send a messenger from the post-office at our own expense to intercept the car. Here I would insert section 1212 of the postal laws touching this subject:

Every electric or cable car company over whose lines the transportation of mail is authorized will be required to take the mails from and deliver them to each terminal post-office, railroad depot, mail car or mail station, except where the Post Office Department provides for such terminal service by contract wagon or other service to deliver the mails to and take them from each intermediate post-office or mail station when the same is located directly on the street or road along which the cars pass.

As I said, we have stations that are located, not on the street over which the cars pass, but perhaps a square away. There we have to connect with our own messenger service at that point.

Mr. STAFFORD. Is what you have just read a matter of substantive law or pure regulation?

General SHALLENBERGER. This is a regulation of the Department.

Mr. FINLEY. But, General, about what proportion of the mails carried by electric cars is initial carriage?

General SHALLENBERGER. I perhaps do not understand just what you mean.

Mr. FINLEY. Initial carriage—that is, I mean mail which has not been carried on any steam railroad. That is what I mean.

General SHALLENBERGER. Mail between stations—as, for instance, between the station on East Capitol street here and Station G, which is on G street?

Mr. FINLEY. Yes. What I was trying to get at is, about what percentage of the mail is carried by electric cars?

General SHALLENBERGER. We have no record of that.

Mr. FINLEY. That is, what percentage of it is initial carriage?

General SHALLENBERGER. We have no record of that. I would say, however, that the large proportion of it is not initial carriage.

Mr. FINLEY. Is not initial carriage?

General SHALLENBERGER. Is not initial carriage. It comes to the railway station, and from there is taken up and delivered to the various stations or to the general post-office.

Mr. FINLEY. Could you give an off-hand opinion, without being tied down to accuracy, as to about the percentage?

General SHALLENBERGER. I could not.

Mr. FINLEY. Would you say that there is more than a half that is not initial carriage?

General SHALLENBERGER. I could not, because I am in doubt as to what the statistics would show if we had them.

Mr. STONE. In many cases the mail going one way would be initial carriage, and that going the other way would not be. Take mail originating on Capitol Hill; that starts from Capitol Hill Station to the post-office and is carried for the first time on electric cars. Incoming mail comes from the steam railroads, and goes to the electric cars in that way.

Mr. FINLEY. But when you propose to pay electric car companies for carrying the mail on any basis such as prevails in paying steam railroad companies, I think it would be important to know about how much of that mail is initial carriage.

General SHALLENBERGER. Inasmuch as that pay would only be effective on electric car lines 20 miles outside of the limits of the city, I can not see what effect it would have. We would not propose to pay the electric cars lines at the rates of steam railway transportation pay within those 20 miles.

Mr. FINLEY. Then, what is your estimate, if you have one, as to the less amount that will be paid the steam railroad companies than is paid them at present?

General SHALLENBERGER. During the weighing season, of course, they would not be weighed upon the steam railway, as is the case now. Wherever we are carrying mail outside of a city on an electric car line, we do not weigh it on the steam railway; therefore they get no compensation whatever for it.

Mr. FINLEY. So you think that to extend this service would have the effect of decreasing the amount paid for carrying the mails on steam railroads?

General SHALLENBERGER. I think so.

Mr. FINLEY. About how much?

General SHALLENBERGER. Simply to the extent of the weight.

Mr. FINLEY. I mean you have no estimate as to about what it would be?

General SHALLENBERGER. No estimate whatever.

Mr. FINLEY. And the recommendation you make here will increase the pay of the electric-car lines about how much for carrying the mails?

General SHALLENBERGER. That is purely an estimate. We have, as you notice, increased from the original estimate of \$793,600 to \$940,000.

Mr. FINLEY. Well, General, do not the figures that you give there increase the pay, roundly speaking, about 45 or 50 per cent?

General SHALLENBERGER. Not so much.

Mr. FINLEY. Not as much as 45 per cent?

General SHALLENBERGER. Less than 33 per cent.

Mr. FINLEY. Less than 33?

Mr. CREW. Less than 25, I think.

General SHALLENBERGER. Less than 25 per cent.

Mr. FINLEY. What is the percentage?

Mr. CREW. I have not figured it out. It can be done.

General SHALLENBERGER. We did not figure that for the reason that it would be an estimate; and we made the limit low, so that we might be able to restrict the payments, even in cases where we would be justified in paying the increased rates. We estimated for less rather than more.

The CHAIRMAN. I think I can arrive at the dollars and cents without the percentage. According to your figures \$172,600 of this item is for the special contract in Chicago?

General SHALLENBERGER. Yes.

The CHAIRMAN. And that, deducted from the \$940,000 which you estimate, would leave \$767,400 for electric car and cable service outside and exclusive of the Chicago special contract; and if you deduct that \$172,600 from this year's current appropriation, it would leave \$600,000, so that the increase estimated is \$167,400, exclusive of the Chicago special contract.

General SHALLENBERGER. Which is about 25 per cent.

The CHAIRMAN. Now, General, at what points in the country are there pressing demands for this change of the law?

General SHALLENBERGER. No special points.

The CHAIRMAN. You used St. Louis as an illustration. I assume that there is a special demand there. Let me ask you, then, at what points have you received these written notices of the purpose of the companies to discontinue the service?

General SHALLENBERGER. Mr. Crew, who keeps the files, will, perhaps, be able to answer that.

Mr. CREW. I can name only a few of them. We have had a great many letters coming in through the American Electric Car Association, or the American Electric Railroad Association.

The CHAIRMAN. What I allude to particularly, Mr. Crew, is places where there appears to be genuine danger of a discontinuance of electric car service.

Mr. CREW. I would name, in that connection, St. Louis, Cincinnati, and Brooklyn; possibly Boston; although there they have chafed a great deal under the rates; but I would put them in the order that I have given them, and they are the most persistent, possibly, at the present time. Cleveland has also given us notice. Philadelphia, some years ago, was very persistent about it.

The CHAIRMAN. I presume that in view of your making this increase discretionary with the Postmaster-General, and excepting everything except cases where the quantity of mail is large and the number of exchange points numerous, you have no thought of making this increase by one-third general?

Mr. CREW. If we did, it would take a larger appropriation than we have here given.

General SHALLENBERGER. The fact is, Mr. Chairman, that while we recommend an increase of one-third on certain routes, we recommend no more than 25 per cent increase on all. Then our discretion will enable us, I am quite sure, to secure service on quite a large mileage at the present rates.

The CHAIRMAN. But it is not more than probable that an increase authorized even under exceptional conditions would lead to demands for further increases, which might result in an increase at every point?

General SHALLENBERGER. That is true, and we have considered that point; and in opening my remarks I stated that we would like a rate that would be to some extent an alternative rate, so that when we say to a company "We think we can tender you 20 cents per mile for your cars, although they may be longer than 20 feet, and no more of a tender will be made," it is because the conditions are not such as to demand that we shall have that service.

We have alternative service by wagon, or possibly elevated railway, or some other service that will answer the purpose. We want to put them, in other words, in competition with other branches of the service that are equally effective, or nearly so. Then our discretion will be used so as to secure competition between both. The elevated road will be more inclined to deal with us if they know that we have the surface road as a competitor; the wagon contract will be affected when it is understood that if their bid per mile is too high we have the electric and cable service as an alternative service.

The CHAIRMAN. Would you feel warranted in contracting for this service with an electric road outside of the limits of the city, where it would compete with a steam road in a division where the weighing period had passed, and would result in reducing the weight on a steam road without any reduction of pay?

General SHALLENBERGER. Our discretion would be exercised there, just as in all other cases, in the interest of the Government.

The CHAIRMAN. That is, in the interest of the expedition and efficiency of the service?

General SHALLENBERGER. That would be a factor; and unless the expedition and efficiency were of such controlling character, we would hesitate about making the change until preceding the next weighing period.

Mr. STAFFORD. Have you any authority to make a weighing, other than the one provided for every four years, where the amount of mail carried has to your knowledge changed by reason of substitution of service or for some other reason?

General SHALLENBERGER. Yes; the Postmaster-General has authority to weigh not less frequently than once in four years.

Mr. STAFFORD. Have you ever had occasion to resort to weighing more frequently by reason of changed conditions in the amount of mail carried on the train?

General SHALLENBERGER. We have many importunities to resort to it, but we have uniformly declined to consider any such request.

The CHAIRMAN. Where there has been a discontinuance of a train you do not continue the pay, do you? Do you not readjust the pay?

General SHALLENBERGER. Not unless that train has been withdrawn so as to diminish the service on a given road after the weighing period.

The CHAIRMAN. That is what I am referring to.

General SHALLENBERGER. Then we do deduct and separate the weights carried by that particular train during the weigh.

The CHAIRMAN. But you do not weigh again?

General SHALLENBERGER. We do not weigh again.

The CHAIRMAN. You simply take the original weighing as the basis?

General SHALLENBERGER. We take the original weighing as the basis.

We neither reweigh, nor do we add the weights deducted from that particular train to a competing train which would have carried them but for the fact that that particular train was scheduled during the weighing for the purpose of withdrawing mail from a competitor.

In other words, the penalty that we seem to think deserved is this: When there is an undue effort to disturb the normal trend of mail that is being carried at times other than the weighing period, and we see that a certain system has scheduled a fast train for the purpose of withdrawing mail from a competitor, and continues that train during the weighing period and for some time after and then withdraws it, the effect of which will be to return that mail to the old carrier, we feel justified in the decision that that weight of mail shall be deducted from the train which carried it during the weighing and then was withdrawn, and that it shall not be added to any other train, but shall be considered as a part of the increase of mail which must be carried after the weighing period by any and every road.

Mr. FINLEY. General, to what extent are the street-car lines in the great cities of the United States under one control or management; or to what extent are they amalgamating in one company?

General SHALLENBERGER. I do not know.

Mr. FINLEY. I understood you to mention a while ago some instances where they were under one control.

General SHALLENBERGER. No, I think not.

Mr. FINLEY. You have no knowledge that the street-car lines in any two or three or more cities in America are owned by one company?

General SHALLENBERGER. I have no such information. I think that you refer, possibly, to the testimony given by Mr. Crew, that there is a certain association calling itself the American Street Car Association.

Mr. FINLEY. About what is the scope of that association, and its purposes, so far as the postal service is concerned?

General SHALLENBERGER. None whatever, so far as the postal service is concerned. We do not recognize any such association.

Mr. FINLEY. I know; but do they recognize you?

General SHALLENBERGER. They do not, except merely to present the views of the street electric railways as a body.

Mr. FINLEY. To what extent are the street-car companies in the United States members of that association?

General SHALLENBERGER. That I do not know.

Mr. FINLEY. You do not know whether its membership is large or small?

General SHALLENBERGER. I do not. I will say, however, that the difficulties in relation to our service occurred before we had any knowledge whatever that there was such an association. They came from the separate and individual cities on the reports of our postal officials that companies were not inclined to take service that we desired them to take.

Mr. FINLEY. And, as I understand you, those complaints commenced some years ago, and you think that they are more insistent and more numerous at present than they were then?

General SHALLENBERGER. Very much more.

Mr. FINLEY. Have you any knowledge that the street car companies to a larger extent are now members of this association, and are working together for a common purpose in the matter of securing better and higher rates for carrying the mails?

General SHALLENBERGER. I think they are.

Mr. FINLEY. You think they are?

General SHALLENBERGER. I think they are.

Mr. FINLEY. Now, General, how many of these companies have given you positive notice that they will no longer carry the mails after their present contracts have expired?

General SHALLENBERGER. I can not state the number. We have had that notice, in one shape or another, from probably three or more cities.

Mr. CREW. That is, positive notice from the different companies.

General SHALLENBERGER. From the different companies within the cities.

Mr. CREW. Then they came in bulk; we had a great many of those.

General SHALLENBERGER. And the last notice (which was not the first) from the street car company in St. Louis referred to the fact that they had previously given notice that they did not desire the service, and requested us to substitute other service for it, and stated that this must be regarded as a final notice that the service would be discontinued on June 30, 1906.

Mr. FINLEY. Are some of the street car companies in St. Louis, or all of them, under one management?

General SHALLENBERGER. There are two companies in St. Louis.

Mr. FINLEY. Can you not obtain competition from the other company?

General SHALLENBERGER. We can obtain service from both companies, but not the same service. What I mean to say is that they do not reach the same points.

Mr. FINLEY. Probably not; but would not the fact that there is a second company there, and that you could make arrangements with that company, to a very large extent take the place, in volume, of the business performed by the company having the contract at present?

General SHALLENBERGER. It would not. It would only take the business to those particular points covered by that one line.

Mr. FINLEY. That would be some help, however.

General SHALLENBERGER. That would be a help to that extent; but both companies have insisted that they desire to throw down the service, that they can make more money out of their cars in other ways, and that they must have 25 cents per car-mile if they continue it.

Mr. FINLEY. As a matter of fact, up to this time no electric-car company has thrown up its contract and refused to carry the mail, and actually quit carrying it, has it?

General SHALLENBERGER. Cincinnati is the city that now comes to my mind positively as having done that. The other cities have refused to extend the service that we have been desiring for sometime.

Mr. FINLEY. How is the service at present performed in the city of Cincinnati where it was formerly performed by the street car companies?

General SHALLENBERGER. By the closed-pouch and the wagon service. We are getting a limited amount of the closed-pouch service on the lines that withdrew their cars. We are getting wagon service as a substitute for the car service.

Mr. FINLEY. Are you not paying out less money for this service in Cincinnati at present than you did formerly?

General SHALLENBERGER. We are paying more.

Mr. FINLEY. Paying more?

General SHALLENBERGER. We are paying more.

Mr. FINLEY. How much more?

General SHALLENBERGER. I can not say. The rates indicate how much more.

Mr. FINLEY. Would it be an easy matter to look that up and give us the figures?

General SHALLENBERGER. I think it would. The average rates paid for the wagon service, however, are $23\frac{1}{2}$ cents per mile. The average street-car rates have been $13\frac{1}{2}$ cents.

Mr. FINLEY. Is it not true that you will never be able to dispense entirely with the screen-wagon service, even when you have street-car service?

General SHALLENBERGER. We are not able to dispense wholly with the wagon service.

Mr. FINLEY. Is it not true that the street car will gather up mail, say, at the city limits, bring it to some point near the post-office, and then it is placed on a wagon and taken to the depot? That is the practice, is it not?

General SHALLENBERGER. Whatever be the practice, we pay for mileage in both cases; and where we restrict the mileage on the street car we add it to the wagon. Where we restrict it on the wagon we add it to the street car. We pay for no duplicate service.

Mr. FINLEY. I am sure of that; but in order to transport the mail in any city where you have electric-car service, it is also necessary for you to have screen-wagon service in order to perform such service as the street car performs?

General SHALLENBERGER. That is true.

Mr. FINLEY. That is true?

General SHALLENBERGER. That is true.

Mr. SNAPP. I would like to ask a question. General, how much does it cost to weigh the mails annually in the different divisions?

General SHALLENBERGER. The cost varies. Mr. Stone, I think, has the figures.

Mr. STONE. Last year—that is, in the fiscal year 1905—the mails were weighed in New England, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, and West Virginia; and the cost was \$270,000.

Mr. SNAPP. That is paid out of the inland-mail appropriation?

Mr. STONE. Out of the appropriation for railroad transportation.

Mr. SNAPP. How much is included in that estimate this year for the weighing for next year?

Mr. STONE. This year—that is, this coming year—the mails are to be weighed in the far West; everything west of the Mississippi River except three States. The cost there four years ago (that was the last weighing in that same section and is the one with which we have made the comparison) for weighing twelve weeks was \$202,000. The new law, which requires the mails to be weighed at least ninety days, would make it necessary to weigh there for fifteen weeks instead of twelve, and at the same rate the cost would be \$250,000.

Mr. SNAPP. And \$250,000 is the amount estimated by you for that service in the present estimate for the appropriation for 1907?

Mr. STONE. In the next weighing—yes, sir.

Mr. SNAPP. General, I see that you say, in this provision that you suggest, that "\$172,600 of the sum in this item appropriated is hereby made available for the purpose of covering the cost of mail service by underground electric cars in the city of Chicago, Ill., now under contract." That having been placed under contract, what is the necessity for carrying this item in this way in the bill?

General SHALLENBERGER. For the reason that it is of a general character covered by this particular appropriation.

Mr. SNAPP. No; but having been placed under contract in compliance with the law, why is it necessary to definitely enumerate it in this way?

General SHALLENBERGER. Because it is a fixed amount, an obligation that has been incurred under the law continuing over the four-year period.

The CHAIRMAN. If the amount were included in your total, and specific reference to the contract not made in the law, would you not still make your payment under your contract?

General SHALLENBERGER. I think the Auditor would perhaps require that specific reference should be made to it, as it is a service not strictly compared with the service of electric and cable cars.

Mr. SNAPP. No; but this contract was entered into under a provision in another item?

The CHAIRMAN. No; in another law—not in another item. If you will refer to page 33, Mr. Snapp, you will see just exactly what the present law is. This very language which Mr. Shallenberger has carried in this provision is carried in the current law, with the additional item that the Postmaster-General is authorized to enter into an annual contract for a period not exceeding four years. Now, I understand that you have entered into that contract, and I assume that you carry this provision merely for purposes of safety, to see that the contract can be carried out?

General SHALLENBERGER. Under that implication.

The CHAIRMAN. And to satisfy the Auditor in the payment of that contract?

General SHALLENBERGER. And besides, it is then mandatory on the Department to not in any way fail to hold subject to that contract that specific amount. Otherwise it would be discretionary with the Postmaster-General to expend a portion of that amount in other service.

Mr. SNAPP. Do you think he would have discretion to spend a portion of this sum in other service, with a contract filed in the Department, made by the Department, for this special service?

General SHALLENBERGER. I do not think he would exercise that discretion; but the Auditor desires to have before him a copy of the law, in order that he may check up every certification that comes to him and know that it is strictly in accordance with law. Hence when we could certify under that contract for this particular service, he would refer to this appropriation act and see that it was fully provided for.

Mr. SNAPP. You now have contracts with electric-car lines for the carrying of the mail, have you not?

General SHALLENBERGER. No contracts in that sense.

Mr. SNAPP. What kind of an agreement do you enter into with these electric-car lines for carrying the mails?

General SHALLENBERGER. An agreement to perform the service required by the Department in accordance with the postal laws and regulations, at the pay applicable for such service.

Mr. SNAPP. That is, they entered into an agreement to perform that service for that price?

General SHALLENBERGER. Yes, sir; they entered into an agreement with the Department to perform the service.

Mr. SNAPP. Why, then, is it not necessary to mention each one of those contracts in this appropriation, inasmuch as this underground electric-car line contract is mentioned?

General SHALLENBERGER. Because it is not a continuing service—it is not for a fixed term; we may discontinue it on notice.

Mr. SNAPP. General, let me call your attention to the language in this proposed change, reading "and for mail cars and apartments carrying the mails not to exceed the rate of 1 cent per linear foot per car mile of travel." As I understand that language, it provides that 1 cent per linear foot per mile of travel shall be paid for the use of mail cars and apartments carrying the mails. Would there also be an additional payment for the weight of mail carried?

General SHALLENBERGER. There is no possibility of any additional compensation on that basis.

Mr. SNAPP. But do you not think that the plain interpretation of that language is to provide 1 cent per mile of travel for cars and apartments?

General SHALLENBERGER. For cars and apartments carrying mails?

Mr. SNAPP. Yes, for cars and apartments carrying the mails; fixing the compensation for the cars and apartments?

General SHALLENBERGER. The cars and apartments will carry the mails and the clerks separating mails as well.

Mr. SNAPP. My understanding of that language would be quite different from yours, then. It seems to me plain that it provides 1 cent per linear foot per car mile of travel for the cars and apartments only, and that under that clause they would be entitled to that pay without regard to the weight of mail; it would have to be paid for extra.

Mr. STONE. We do not pay electric car companies on the basis of weight at all.

Mr. SNAPP. No; but you are proposing here a change in the law which fixes the pay per car mile for cars and apartments without mentioning the mail at all. Let me call your attention to the next clause—"That the rates for electric car service on routes over 20 miles in length outside of cities shall not exceed the rates paid for service on steam railroads." What do you mean by the language "outside of cities?"

General SHALLENBERGER. My construction of that would be, outside the corporate limits of the city.

Mr. SNAPP. Suppose, now, the case of a line running from one city to another—say, from Chicago to Aurora or Elgin—Aurora and Elgin being terminals on one end of the third-rail electric system which runs into Chicago. Would you mean by that that that service could be established only outside the city limits of those cities?

General SHALLENBERGER. That would be the construction. We measure the distance between terminal points and we call that a route. Whenever that route extends more than 20 miles outside the limits of the city, pay ceases under this particular appropriation.

Mr. SNAPP. I am at a loss to see how you can get that meaning from that language—"the rates for electric car service on routes over 20 miles in length outside of cities shall not exceed the rates paid for service on steam railroads." Now, the city of Chicago extends pretty nearly 20 miles from the street-car terminal; and do you mean by that that outside of the city limits of Chicago it shall not exceed the rates paid for service on steam railroads?

General SHALLENBERGER. As I have said, the language is subject to that construction, and that is our view.

Mr. SNAPP. Where are there any mail cars now in operation on electric lines?

General SHALLENBERGER. My report will show that, I think.

Mr. CREW. It is given in the report here, in Table F of the Second Assistant's report.

Mr. SNAPP. There are some, are there?

Mr. CREW. Oh, there are quite a number of them.

Mr. SNAPP. What are they—regular R. P. O. cars?

Mr. CREW. They are fitted up very much like R. P. O. cars. They have the pouch rack and the assorting cases and all that sort of thing, just the same as we have.

Mr. SNAPP. Are the apartment cars in use on electric lines similar to the apartment cars on steam roads?

Mr. CREW. They are.

Mr. SNAPP. How many of those are there in operation?

Mr. CREW. I could not tell you the number, but they are given in this table; there are quite a number of them.

Mr. STAFFORD. Have you any difficulty in having the service extended by means of closed-pouch service as distinguished from apartment-car service.

General SHALLENBERGER. We have.

Mr. STAFFORD. By reason of the rate now allowed by law?

General SHALLENBERGER. We have.

Mr. STAFFORD. What is the complaint that is made by the electric car companies in that regard—that the compensation is not adequate?

General SHALLENBERGER. That the volume of mail is too great and the number of pouches too large to justify them in delaying their cars for the purpose of handling.

Mr. STAFFORD. For each additional pouch, so far as the complaint is that the number of pouches is too great, they receive additional compensation, do they not?

General SHALLENBERGER. They do not.

Mr. STONE. Just 3 cents a mile, regardless of the number of pouches they carry. It might be 1, and it might be 20.

Mr. STAFFORD. Oh, do they receive only 3 cents a mile for the number of pouches they carry on the individual trip, or for each respective office on that line on each individual trip?

General SHALLENBERGER. On each trip.

The CHAIRMAN. That is, 3 cents a mile in excess of 8,333 miles?

Mr. CREW. Yes.

The CHAIRMAN. The rate is very different for a short route.

Mr. STAFFORD. Do I understand you to say that in the case of electric car lines they only receive 3 cents per mile, notwithstanding they may have pouches for distribution at a dozen places along that road?

Mr. STONE. That is right; 3 cents per mile for each mile the car travels between the terminal points, carrying mail; and they may go off and on at an indefinite number of points.

The CHAIRMAN. I would like to put into the record, at this point (it is short), the rate on pouch mail on electric and cable cars. It is as follows:

For 2,000 miles or less, \$150 per annum.

More than 2,000 and not more than 3,500 miles, \$175 per annum.

More than 3,500 and not more than 5,000 miles, \$200 per annum.

More than 5,000 and not more than 8,333 miles, \$250 per annum.

More than 8,333 miles, 3 cents per mile traveled.

I want to ask Mr. Shallenberger what proportion of this appropriation is usually paid for the pouch service and what proportion for the apartment-car service?

General SHALLENBERGER. I can not answer. A reference to Table F, beginning on page 242 of my report, will enable the committee, running down the column, to determine that. You will notice that the number of the route is given, the State, the termini of the route, the corporate title of the company, the length of the route, the annual car miles traveled, the size of the car, the class of service (whether closed-pouch, apartment, or full car), the cost per mile traveled, and the annual rate of expenditure.

The CHAIRMAN. Does this Table F include all of the contracts for cable-car service?

General SHALLENBERGER. It includes all that were operative June 30, 1905.

Mr. SNAPP. How many full cars were there in operation?

General SHALLENBERGER. I have not segregated them. It will appear upon this table.

Mr. SNAPP. What are those full cars on electric-car lines called?

Mr. CREW. We call them independent cars in this table. The word "independent" indicates a full car used exclusively for mail purposes. The word "apartment" shows an apartment car—a closed-pouch car.

Mr. SNAPP. Are they manned with a crew of clerks for the separation of mail?

Mr. CREW. Usually one or two clerks. That depends upon the size of the car and the amount of work to be done.

Mr. SNAPP. Are they assigned from the regular clerks in the Railway Mail Service?

General SHALLENBERGER. They are now assigned from the city post-office.

Mr. CREW. Most of them?

General SHALLENBERGER. There are a few that are still assigned from the railway mail, which was the practice until in recent years a change was made. I think in the city of San Francisco they are still from the Railway Mail Service.

Mr. CREW. And on a few of the country lines they are still from the Railway Mail Service?

General SHALLENBERGER. Yes; and on a few of the country lines.

The CHAIRMAN. Have you anything further to say on that item, General Shallenberger?

General SHALLENBERGER. I have not.

“SPECIAL FACILITY” SERVICE.

The CHAIRMAN. The next two items, Mr. Shallenberger, are the so-called special facility items, upon which you make no recommendation?

General SHALLENBERGER. No recommendation.

The CHAIRMAN. Do you desire to make any statement at all with reference to them, other than your failure to make a recommendation?

General SHALLENBERGER. I do not. I simply repeat the statements I made last year, and would report that the service continues about as it did last year.

The CHAIRMAN. Are there any questions to be asked upon either of these items?

Mr. SNAPP. As I understand it, the statement of last year was not favorable to the appropriation?

The CHAIRMAN. That is, the statement of the Postmaster-General and Mr. Shallenberger made no recommendation upon that?

General SHALLENBERGER. It was not unfavorable to the service, but it was unfavorable to the specific request for additional compensation by reason of that special service. The service, I may say, is more satisfactory, by reason of the exclusive mail train that is now maintained between Washington and Atlanta, carrying nothing but mail.

The CHAIRMAN. If that train were discontinued, would it impair the service for that section?

General SHALLENBERGER. Well, I would not be able to say what I said a few years ago—that I was in doubt as to whether the service would be affected in any way. I have no reason to think that any railroad in the country would maintain an exclusive mail train if it were unnecessary to do so. It is made necessary for the Southern Railway to maintain that train in order to come within the restrictive rule that I have applied to the service—that is, to maintain a schedule within five minutes at each connecting point.

The CHAIRMAN. But my question was, supposing the special facility appropriation should be discontinued, and supposing that the road discontinued that special mail train—would the mail service in that section of the country, in your judgment, be impaired?

General SHALLENBERGER. I have reason to think it would, because the special train departs from this city at 8 o'clock in the morning, whereas their next regular train, No. 35, departs at 10.50. No. 97, which is the exclusive train, departs at 8. The probabilities are that the mail would be held until the departure of the following train, and the cars necessary would be added to that train, because the necessity of keeping the schedule time within five minutes would not be adhered to.

Mr. SNAPP. Do these two trains make the same speed?

General SHALLENBERGER. They do not.

Mr. SNAPP. The exclusive mail train is the faster of the two?

General SHALLENBERGER. The faster of the two.

Mr. SNAPP. Then they do render an additional service?

General SHALLENBERGER. They do at present.

Mr. SNAPP (continuing). In the way of speed, for this additional compensation?

General SHALLENBERGER. They give additional speed over No. 35; to what extent, Mr. Grant?

Mr. GRANT. I do not remember just exactly how much faster No. 97 runs, but it is some little faster. It gains about six hours between here and New Orleans.

General SHALLENBERGER. And between here and Atlanta, with the additional cars added, the speed would, of course, be reduced, would it not?

Mr. GRANT. Oh, yes.

General SHALLENBERGER. If No. 97 were withdrawn, and the additional mail added to No. 35, the speed would probably be reduced?

Mr. GRANT. You mean the speed of No. 35 would be reduced?

General SHALLENBERGER. Yes.

Mr. GRANT. Oh, well, I do not know that it would. I think it would take about the same time.

General SHALLENBERGER. Those are conjectures. We still adhere to the policy of not recommending or estimating for any special facility service anywhere in the country. If Congress appropriates it, we will use it to the very best possible advantage in securing improved service.

Mr. FINLEY. General, do you think that the Southern Railroad could withdraw No. 97 from the mail service and still carry the amount of mail that is now carried, without putting on some other train to take the place of No. 97?

General SHALLENBERGER. That is a very fair question which I am not able to answer; which is conjecture.

Mr. FINLEY. Do you think, General, that it is within the bounds of reason that the Southern Railway is running trains between Washington and Atlanta, Ga., or New Orleans, or elsewhere, that are unnecessary to perform the bulk of business it has to perform between those points?

General SHALLENBERGER. I do not think it is running any unnecessary trains.

Mr. FINLEY. Are the trains it is running not necessary in order to enable the Southern Railway to perform its work, to carry its business, to carry the mails generally? Are they not necessary?

General SHALLENBERGER. They would not be necessary for them, perhaps, if they were earning less money than they are doing by the complete service they are now maintaining.

Mr. FINLEY. Is it not true, General, that the Department diverts all the mail that it reasonably can divert to the Southern Railway between here and Atlanta, Ga., and between Washington and New Orleans? Is not that true?

General SHALLENBERGER. It does divert all mail that can be expedited to that road.

Mr. FINLEY. Yes, sir. Now, in the event that No. 97 was withdrawn, would the Department have the same reason for diverting the mail to the Southern Railway that it has at present?

General SHALLENBERGER. Not if the competing road could do better.

Mr. FINLEY. Assuming that No. 97 was withdrawn—that was my question—would the Department feel warranted in diverting as much mail to the Southern Railway as it does at present?

General SHALLENBERGER. It would depend entirely upon the conditions.

Mr. FINLEY. But take conditions as they are to-day with the Southern Railway, with the Seaboard Air Line, and with the Atlantic Coast Line—take the conditions as they are there to-day; I assume that you are cognizant of those conditions?

General SHALLENBERGER. I am not quite cognizant enough in detail to say just what other lines would expedite mail to Atlanta and points covered by No. 97. That is a subject concerning which Mr. Grant is possibly a little better informed than I am.

Mr. FINLEY. I will be very glad to have an answer from him.

General SHALLENBERGER. But assuming that no other change were made—

Mr. FINLEY. Except the withdrawal of No. 97?

General SHALLENBERGER. Except the withdrawal of No. 97.

Mr. FINLEY (continuing). Then would the Department feel warranted in diverting mail to the Southern Railway to the same extent that it does to-day?

General SHALLENBERGER. As I say, it would feel warranted in diverting all the mail that could possibly be expedited, whether by the Southern road or any other road.

Mr. FINLEY. But, General, if you will pardon me, that is not an answer to my question. I am sure they would do that in all cases; but I am asking you this question: Take the conditions first with railroad facilities between here and Atlanta, Ga., and between Washington and New Orleans, just as they are to-day. If No. 97 is withdrawn, is no longer in the service, would the same necessity exist for the Department to divert mail to the Southern Railway to the extent that it does to-day?

General SHALLENBERGER. It depends on what the withdrawal would accomplish.

Mr. FINLEY. I am simply assuming that it would withdraw one train between Washington and New Orleans.

General SHALLENBERGER. It is fair to assume, I think, that any train making an average speed of 40 miles an hour between any two points is attracting to itself a considerable quantity of mail that would go by other lines if it were withdrawn.

Mr. FINLEY. Yes, sir.

General SHALLENBERGER (continuing). Where there are competing lines at all.

Mr. FINLEY. Then is it not true that the same necessity for diverting mail to the Southern Railway would not exist if No. 97 was withdrawn?

General SHALLENBERGER. It is fair to assume that it would, provided the Southern Railway could not, by modifying its schedule—

Mr. FINLEY. I am assuming that all present and existing conditions would continue, and that all present and existing schedules would continue.

General SHALLENBERGER. I am assuming that myself. I am assuming, now, that the schedules of other trains into Atlanta are just

enough slower than that of the Southern Railway to enable it to change and to modify its schedule, reaching there at a later hour, and failing to make certain connections which it now makes. If that be true, then, not being under the necessity of continuing its present schedule within five minutes at each of the connecting points, it would just so far weaken the service as to come within the necessities of the case. How much that would affect its transportation pay I do not know. I assume that it would affect it.

Mr. FINLEY. You think it would affect it to some extent?

General SHALLENBERGER. I assume that it might.

Mr. FINLEY. Yes, sir. Now, let me ask you this question: With the same amount of cars employed on the Southern Railway to-day in carrying the mail between Washington and Atlanta, Ga., and New Orleans, if No. 97 is withdrawn, would the Southern Railway be able to carry that mail by dumping it on the other cars now in the service?

General SHALLENBERGER. I can not say.

Mr. FINLEY. I think that is a reasonable question, General, and I would like to have an answer to it from somebody.

General SHALLENBERGER. I can not say. If Mr. Grant can answer it, I shall be glad to have him do it.

Mr. FINLEY. What can you tell us about that, Mr. Grant?

Mr. GRANT. I do not think it would very materially affect the quantity of mail or the number of cars required on the Southern Road from here to Atlanta.

Mr. FINLEY. Then you think the same service could be performed with the remaining cars now in the service? Am I correct in that?

Mr. GRANT. You mean omitting the cars that are on No. 97?

Mr. FINLEY. Yes.

Mr. GRANT. No, sir.

Mr. FINLEY. That is not an answer to my question, then.

Mr. GRANT. You would have to use the cars that are now on No. 97 on some other train.

Mr. FINLEY. Then the Southern Railway would then be compelled to employ other cars, in addition to the cars in operation, other than No. 97.

Mr. GRANT. Yes, sir.

Mr. FINLEY. So that those cars would be attached to another train and run on another schedule?

General SHALLENBERGER. A combination of cars on one train rather than a separation of cars on two trains affects the cost of administration.

Mr. FINLEY. Is there such a train as No. 98 on the Southern Railway, coming north? Is there not a fast mail train from New Orleans to Washington in a measure corresponding with No. 97 from Washington to New Orleans?

Mr. GRANT. There are Nos. 36 and 38.

Mr. FINLEY. No others besides those?

Mr. GRANT. No, sir.

Mr. FINLEY. I was informed in some way that a train practically corresponding to No. 97 from Washington to New Orleans was put on from New Orleans or Atlanta, Ga., to Washington in the present year, I believe. There is no such train?

Mr. GRANT. I do not know of any.

General SHALLENBERGER. There is no such train. The records do not show it.

Mr. FINLEY. The records do not show it? Then the mail coming north is carried on No. 38, is it?

Mr. GRANT. On Nos. 36 and 38. We have other trains coming north, but those are the two great through trains.

Mr. FINLEY. Are those the two fastest trains coming north?

Mr. GRANT. I think so.

Mr. MOON. Mr. Chairman, I think I will ask a question or two about this matter. General Shallenberger, are there any trains from New York to Chicago that make faster time than No. 97, the fast Southern mail train?

General SHALLENBERGER. Mr. Grant can give you the schedules of the trains better than I can do it. I do not, from memory, recall at this moment.

Mr. GRANT. Faster? I can not answer that, Mr. Moon, as to the exact speed.

Mr. MOON. Are there trains that make over 35 or 40 miles an hour on those roads carrying mail?

Mr. GRANT. There are trains that do that, yes; but we do not use them.

Mr. MOON. I am not talking about what you do; I just wanted to get at the fact. Are there any faster trains?

Mr. GRANT. Yes, sir.

Mr. MOON. Are they subsidized in any way?

Mr. GRANT. No, sir.

Mr. MOON. You do not want to subsidize those trains, do you, by reason of competition in other lines that demand mail? Is not that the reason for it?

Mr. GRANT. I do not know. General Shallenberger can probably answer that.

General SHALLENBERGER. That is substantially our position—where the competition is active we get the very best service we need without a subsidy.

Mr. MOON. Suppose the subsidy was withdrawn from the Southern Railway—would there be other lines competing for mail?

General SHALLENBERGER. I have no reason to think that that would do other than lessen the competition, because it would certainly not increase the traffic; and traffic is what produces competition.

Mr. MOON. What sort of traffic are you speaking about?

General SHALLENBERGER. All traffic, of which the mail is but a small proportion.

Mr. MOON. But I am not speaking about traffic. I am talking about the competition for carrying the mails.

General SHALLENBERGER. I am speaking of the passenger traffic between New York and Chicago, which justifies limited trains of great speed, and a great number of trains per day. That general passenger and other traffic necessitates a number of trains of great speed. We utilize those trains for our mail service, and have all the service we need. Where the traffic is less, we of course have to do with a lower grade of service.

Mr. MOON. Then you want us to understand that you do desire

this \$175,000 over here because there is no such competition as that up in New York?

General SHALLENBERGER. I would not say that we do desire it, or we would estimate for it.

A MEMBER. They have not estimated on it.

Mr. MOON. I know they have not.

General SHALLENBERGER. We would estimate if we desired it.

Mr. MOON. If you do not estimate for it, and do not desire it, why do you think it ought to be retained?

General SHALLENBERGER. I have not said that I think it ought to be retained.

Mr. MOON. Do you not believe that if that was cut off it might bring about a competition for fast mail trains between the other lines running south as much as in any other part of the country?

General SHALLENBERGER. I have no reason to think so, for the reason that its withdrawal could have no possible effect in increasing competition.

Mr. MOON. But it does have that effect on the other roads?

General SHALLENBERGER. No; it does not.

Mr. MOON. I so understood you. How is that?

General SHALLENBERGER. No; the mail service has no effect whatever in increasing the competition there. The competition already exists by reason of the general traffic, which justifies the inauguration and installation of these trains. And whenever we find that that traffic is of such character as to justify a limited mail train at a very high cost, we utilize that train and command it for the mail service.

Mr. MOON. You are now giving the preference in all mail matter to the Southern Railway?

General SHALLENBERGER. We are giving preference for all mail matter to the fastest train.

Mr. MOON. To the Southern Railway in this particular section of the country?

General SHALLENBERGER. In this particular section to the Southern, because it maintains the fastest train service.

Mr. MOON. That preference is given because, you say, of this subsidy?

General SHALLENBERGER. I say because we have this money in-
the trust to us by Congress to give to the Southern Railway on certain conditions.

Mr. MOON. If the other two roads going South were to go into competition for the mail would there then be any necessity for holding this subsidy on?

General SHALLENBERGER. Will you not repeat that question?

Mr. MOON. Suppose competition did arise for that preference which you give to the Southern, by destroying the support you are now giving the Southern—competition would naturally arise, would it not, between it and the other roads if they were put on an equality with the Southern in reference to carrying the mail? Would they not undertake to run faster trains?

General SHALLENBERGER. They might undertake to run faster trains than they are doing now.

The CHAIRMAN. May I ask a question at this particular point? This item of appropriation, Mr. Shallenberger, is not by law made applicable to the Southern Railway?

General SHALLENBERGER. Not at all.

The CHAIRMAN. You would have a right to utilize any part of this fund, or all of it, for the Seaboard Air Line, provided it maintained a better schedule than the Southern, would you not, so far as the authority of law is concerned?

General SHALLENBERGER. The authority of law gives discretion to the Postmaster-General to expend this money for the trunk line from Washington to Atlanta and New Orleans.

The CHAIRMAN. And if you could secure a more expeditious service or a faster schedule by reason of competition between the Southern and the Seaboard Air Line or the Atlantic Coast Line, you would still, so far as the law is concerned, have a right to appropriate this money to either one of the three?

General SHALLENBERGER. We have a right to appropriate it to the line that gives the best service.

The CHAIRMAN. So that the item of appropriation in itself, or your authority of law in its expenditure, is no factor in the element of competition, is it? That is, it does not remove competition because you have this fund available?

General SHALLENBERGER. None whatever. No; it has no effect upon that.

Mr. MOON. But you are using that fund, as a matter of fact, for the Southern, and you are diverting all mail to the Southern? You are giving the bulk of mail carried to the Southern Railway?

General SHALLENBERGER. I would like to say that we are keeping that fund in reserve, to be given to the trunk line that will give us the best service between Washington and Atlanta and between Atlanta and New Orleans. We are not necessarily holding it for either of the trunk lines that may tender us the service.

Mr. MOON. As a matter of fact, however, the Southern is getting it?

General SHALLENBERGER. Yes, sir.

Mr. MOON. And it is getting all the other mail that you can throw to it?

General SHALLENBERGER. It is.

Mr. MOON. How much does the Government of the United States pay the Southern Railway annually, outside of this subsidy, for carrying the mail?

General SHALLENBERGER. That will appear from the detailed report which we give in connection with all roads.

Mr. MOON. I would like to have it in the hearing.

General SHALLENBERGER (after examining memorandum handed to him by Mr. Crew). This does not separate the pay that goes to the Southern Railway from that which goes to the Western Railway of Alabama and to the Louisville and Nashville.

Mr. MOON. Well, what do those affiliated lines receive?

General SHALLENBERGER. Those affiliated lines receive \$1,003,940.09 for transportation.

Mr. FINLEY. And a subsidy in addition?

General SHALLENBERGER. Yes.

Mr. MOON. That includes the subsidy?

General SHALLENBERGER. No; that does not include the subsidy. That is transportation pay.

The CHAIRMAN. That includes full postal-car service and all.

Mr. MOON. I understand you, then, to say that by reason of competition in the North you do not have to give any subsidy?

Mr. STAFFORD. That includes merely the charge for transportation. Have you the amount there which they receive as compensation for furnishing full railway post-offices?

General SHALLENBERGER. For full railway post-offices, \$223,497.

Mr. SNAPP. Is that the entire Southern system?

General SHALLENBERGER. No; it is the affiliated lines enjoying the special facilities.

The CHAIRMAN. Is it just between here and New Orleans, or does it include the Southern Railway west?

General SHALLENBERGER. Oh, no; simply between here and New Orleans.

Mr. SNAPP. And in addition to those two amounts of \$1,003,940 and \$223,497, they receive in addition the \$142,728, which is the subsidy?

General SHALLENBERGER. The \$1,003,940 is for transportation; the \$223,497 is for the R. P. O. service on these several lines from Washington to New Orleans. The special facility pay for two trains was as follows: On train 97, from Washington to Atlanta, \$80,947.50 to June 30, 1905. On train No. 37, from Washington to Atlanta, \$80,955 from July 1, 1905. That is the full pay. I will give you the deductions from those two lines—\$22,216.90.

The CHAIRMAN. Are those the total deductions?

General SHALLENBERGER. They are for the calendar year; then I shall have to correct these figures. This is an alternative amount, the second that I stated, which is correct for July 1 instead of June 30. Let me hold to the original figures given you—\$80,947.50—and strike out the \$80,955, and then, as deductions against the \$80,947.50, put \$22,216.90. On the route from Atlanta to Montgomery, \$21,451.25; deductions, \$1,509.65. On the route between Montgomery and New Orleans, \$39,776.25; deductions, \$10,134.76.

The CHAIRMAN. Have you the aggregate amount of that, so as to show the net amount that was paid?

General SHALLENBERGER. Yes. Our table includes the Kansas City and Newton route. If you can just wait a moment, until I separate them, we can give you the deductions and the net amount.

Mr. STAFFORD. That would be \$8,313?

Mr. STONE. The total deduction on that line would be \$33,861.31.

General SHALLENBERGER. The total special facility pay would be \$142,175. The total deductions would be \$33,861.31.

The CHAIRMAN. The report of the Auditor of the Post-Office Department for the fiscal year 1905 shows that during that year the amount expended on the item from Washington to Atlanta and New Orleans was \$112,296.59, and the amount unexpended of the appropriation was \$30,432.16.

Mr. STONE. The Auditor's figures being for the last fiscal year, and these figures being for the calendar year ending December 31, 1905.

Mr. FINLEY. What page of the report is that?

Mr. STONE. Of the Auditor's report?

Mr. FINLEY. Yes.

Mr. STONE. Page 35.

Mr. FINLEY. I had looked for it and could not find it.

Mr. MOON. These deductions from this railroad subsidy pay are due to their neglect of duty, their failure to deliver the mails expeditiously, are they not?

General SHALLENBERGER. They are due to failure to keep their published schedule time.

Mr. MOON. What proportion of the whole is deducted on account of neglect of duty?

General SHALLENBERGER. Perhaps I may read at this point the regulations touching this train:

No excuse other than waiting for connection from special-facility train is accepted for a delay of more than five minutes in arrival at terminal points of a route, except that Trains 97 and 37 are given credit for delayed departures from Washington due to waiting for their respective regular mail connections from New York. No part of the special-facility pay is allowed if the train is late for any cause whatever except as above.

Mr. MOON. You do not fine them for a late start from Washington?

General SHALLENBERGER. Not if we hold the train awaiting the connection from New York.

Mr. MOON. And does it not often happen that the start from Washington is very late? Does not that happen every week?

General SHALLENBERGER. It happens frequently.

Mr. MOON. As a matter of fact, then, with the late starts from Washington and with their neglect to make the runs properly, they fail in the discharge of their duty perhaps half the time?

General SHALLENBERGER. They do not fail in their duty, because their connecting trains wait.

Mr. MOON. I mean in the connections and the facilities to the people. Now, General, the Southern Railway has a number of connecting lines which it controls, has it not?

General SHALLENBERGER. It has.

Mr. MOON. Those lines hardly ever make connections with the fast trains, do they, at the various points?

General SHALLENBERGER. I am informed that as a rule they do. Mr. Grant knows better than I, of course, the details of the administration, and I would like him to speak.

Mr. MOON. And do you know, Mr. Grant, about how these Southern trains reach their terminals?

Mr. GRANT. You mean as to whether they are on time or not?

Mr. MOON. Yes.

Mr. GRANT. They are quite frequently late at New Orleans.

Mr. MOON. I am not speaking of that train; I mean the connecting ones. I know that fast train is nearly always late. I am speaking of the connecting lines.

Mr. GRANT. The main connecting line, of course, is the one from Atlanta over to Birmingham, and from there on to New Orleans.

Mr. MOON. And the one from Salisbury down to Chattanooga and Memphis is another one, is it not?

Mr. GRANT. Yes.

Mr. MOON. If you have the report of the postmaster at Chattanooga are you not able to give it to this committee?

Mr. GRANT. But I have not got it.

Mr. MOON. Do you know as a matter of fact that out of ten of the

calendar months it was behind from three to eight hours twenty-nine days out of each month?

Mr. GRANT. No; I could not say that from personal knowledge. I know it is very frequently late.

Mr. MOON. Did you not get that report from the postmaster down there?

Mr. GRANT. I do not think so.

General SHALLENBERGER. Perhaps I misunderstood your question, Mr. MOON. It was not whether they were late, but as to whether their connections were made—that is to say, whether a connection at the given point referred to was held for the arrival of the Southern, just as we require it to be held here for a connection with the New York train?

Mr. MOON. Yes.

General SHALLENBERGER. Otherwise a delay of ten or twelve hours might be involved.

Mr. MOON. But, if it controls all of these connecting lines, and the mail is sent out through the country over those lines, is it of any benefit to the people throughout the country that you have this fast mail, if their connecting lines are always slow at the points of delivery?

General SHALLENBERGER. If their connecting lines are held to await the arrival of the special facility train it is of advantage, for the reason that but for that they would leave Washington perhaps before the arrival of the New York train, and fail to make the connection at the other points.

Mr. MOON. You certainly can not see the point of my question. It must be clear to you that even if mail were delivered promptly from the main line to a connecting line, if that same railroad company owning the main line and the connecting lines fails to carry the mail to the interior with the expedition required by law, it can not be of any benefit to the people.

General SHALLENBERGER. Oh, well, do not understand me to say that this special-facility train can be used by the Department to affect the lateral lines. We do not attempt to do that.

Mr. MOON. You do not claim anything except along the main line, then?

General SHALLENBERGER. We do not claim to have it operative except on the main trunk line.

Mr. MOON. At how many places does it stop along the main line?

General SHALLENBERGER. That I can not tell; it is a question of administration.

Mr. GRANT. It stops at all of the larger towns.

Mr. MOON. Now, General, in addition to this million and odd dollars of subsidy to these main-line trains, you of course pay the railroad company for carrying the mail on all the connecting lines which it owns—all which are under the same management, I mean?

General SHALLENBERGER. We pay for all service rendered.

Mr. MOON. Yes; so they get pay for all of that at the regular rate. Now, do you state as a business proposition that a railroad company that is getting more than a million dollars of money for carrying the mail on its main line, and is then getting full railway pay for all of its connecting lines, would discontinue one if its main-line trains if a subsidy of one hundred and forty odd thousand dollars happened to be withdrawn from it?

General SHALLENBERGER. I have reason to think, as a business proposition—

Mr. MOON. Particularly when they lose nearly half of that subsidy by fines for neglect of their duty?

General SHALLENBERGER. I have reason to think, as a business proposition, that no corporation would be willing to say that it regarded \$100,000 as of no consequence to it, and that if that \$100,000 were withheld it would perform just the same amount of service. That is my proposition.

Mr. MOON. Do you mean to say, then, that it could afford to carry the mail just the same anyway?

General SHALLENBERGER. No; I do not say that; but I repeat that any corporation receiving a million of dollars for service between Washington and New Orleans would be very foolish if it would say that the withdrawal of \$100,000 would not affect in any wise the service rendered.

Mr. MOON. Now, General, the law of the land makes this contract, as I understand? You select the parties that are to carry the mail, but the law makes the contract? You do not draw any contracts between your Department and these railroad companies?

General SHALLENBERGER. No.

Mr. MOON. That law, of course, requires—I take it you so construe it—that all mail shall be carried with reasonable haste and expedition? You would demand that under all circumstances, would you not?

General SHALLENBERGER. So far as I can construe the law, we have no right to demand that the mail shall be carried with any greater expedition than the trains voluntarily scheduled by the railroad will carry it.

Mr. MOON. You do not mean to say that in the office you occupy, if a railroad company were to see fit to carry mail on slower trains than they are ordinarily carried on and are proper to be carried on through the section through which they are running—trains that are slower than their regular schedule rates—you would submit to that?

General SHALLENBERGER. I have reason to say that we have no power to command specific schedules on any trains.

Mr. MOON. I know; I know; but you have the power under the law to demand that this mail be carried with reasonable haste and expedition, and you would not tolerate a transit of the mail that was unreasonable as to expedition and haste, would you?

General SHALLENBERGER. No, we would not; but we secure reasonable service because our transportation is but a small percentage of the entire traffic carried, which insures reasonable celerity.

Mr. MOON. If this subsidy was withdrawn, would you not demand the enforcement of the law of the land as to reasonable haste and expedition in carrying this mail?

General SHALLENBERGER. Most assuredly.

Mr. MOON. Would not the benefits be just about as great as they are now when a railroad company fails to make its connections with its connecting lines, and when it fails to make the time required under your schedules?

General SHALLENBERGER. If I may repeat that question in another shape—we would be able to pay to the railroad company, out of the amount of money involved in the special-facility fund, less than we

are now paying. We have no means of knowing whether they would be patriotic enough to perform precisely the same amount of service.

Mr. MOON. Then, General, let me come down to the very bottom question of administration: Do you want this money or not?

General SHALLENBERGER. We are not asking it, nor expressing an opinion in reference to it.

Mr. MOON. What is the reason that you all are silent on that question?

General SHALLENBERGER. We are not silent.

Mr. MOON. You say you do not ask it?

General SHALLENBERGER. We do not estimate for it.

Mr. MOON. And what is the reason you do not ask it?

General SHALLENBERGER. Because we think that the effect upon the service at large is better if we do not select any particular route in any particular section for special favors.

Mr. MOON. Then you do not select it because you think that it is a bad example, and that it affects the railway-mail service elsewhere to give this subsidy?

General SHALLENBERGER. That is the situation.

Mr. MOON. That is the situation. So you think that for the good of the service the thing ought not to be done, taking the country at large?

General SHALLENBERGER. Why, I think that for the good of the service at large it is better that no special favors be given to any one particular road or system.

Mr. MOON. I believe that is all, General.

Mr. FINLEY. General, I notice here that the first contract for special service is for \$11,402, from Washington, D. C., to Danville Junction, Va. In the event that the special-facility train fails by five minutes to make its schedule time there, is there any deduction?

General SHALLENBERGER. The deductions are made under the general rule that I have announced. I do not keep myself advised of the details.

Mr. FINLEY. I am trying to get at this: Do you require the schedule time to be made at Atlanta, Ga., or at these intermediate points between Atlanta, Ga., and Washington—to wit, Danville Junction and Charlotte, N. C.?

General SHALLENBERGER. You will notice on page 19 of my report—you have that before you, have you not?

Mr. FINLEY. Yes, sir.

General SHALLENBERGER. You will notice that the routes are numbered.

Mr. FINLEY. Yes.

General SHALLENBERGER. If a train arrives at the terminal point on any route more than five minutes late it loses the pay for that particular train.

Mr. FINLEY. I understood that to be the case, but I wanted to be clear about it. The line of railroad between Washington and Atlanta, Ga., is the Southern Railway, is it not?

General SHALLENBERGER. The Southern Railway.

Mr. FINLEY. The Southern Railway has this contract; and if its train is late on its arrival at Atlanta, Ga., by five minutes, and that arrival late was occasioned by the fact of its being five minutes late in its arrival at Danville Junction, do you take note of that?

General SHALLENBERGER. We take note only of the particular route on which it was late.

Mr. FINLEY. I know; but it is the Southern Railway from Washington to Danville Junction. You have this route from Washington to Atlanta divided into three sections, when it is all one road. Now, would it not be fair to deduct the special-facilities pay for the failure of the special-facilities train to arrive at each and every one of the termini?

General SHALLENBERGER. I think I may say that we do that.

Mr. FINLEY. I understood you to say that you did not.

General SHALLENBERGER. I may possibly have misunderstood your question. I am not prepared now to say whether the delay of five minutes at Danville Junction would carry through to Atlanta, or to the end of that route.

Mr. FINLEY. That is what I want to get at. In other words, if the train is five minutes late at Danville Junction, and five minutes late at Charlotte, and five minutes late at Atlanta, I want to know whether you make three deductions or one deduction?

General SHALLENBERGER. We would only make the one deduction in either case, because it would involve the entire pay of that particular route; and I rather think (I will verify this if the committee desires) that the rule as construed in the division which has charge of these instructions is to deduct the entire pay on the route from Washington to Atlanta when the train leaving Washington at a particular time fails to arrive in Atlanta within five minutes of the schedule time, regardless of where the delay was made. Then from Atlanta to Montgomery, if the late arrival of the train in Atlanta subjected the Southern to a fine, that fine would not follow, provided the schedule time was maintained between Atlanta and Montgomery.

Mr. FINLEY. Do I understand you to mean that you would make the deduction where it was five minutes late at each and every one of its points—for instance, Danville Junction, Charlotte, N. C., and Atlanta—and only five minutes on the whole; but that if the five minutes commenced at Danville Junction, and because of that five minutes it was five minutes late in its arrival at Charlotte, and because of that fact it was five minutes late in its arrival at Danville, you would deduct the whole pay from Washington to Atlanta?

General SHALLENBERGER. That is my impression. I am not positive and would not give a positive answer for that reason.

Mr. FINLEY. You can verify that, can you not?

General SHALLENBERGER. I will not give an answer to that question at this moment.

Mr. FINLEY. You can verify it and give it to us on the record?

General SHALLENBERGER. I can verify it.

Mr. GARDNER. General, in answer to a question some time back you used these words: "We divert to the Southern Road the mail that can be expedited." You mean by that that the mail diverted to the subsidized train is as a matter of fact expedited, do you?

General SHALLENBERGER. We do.

Mr. GARDNER. You were questioned at length about what would happen if the fast train starting at 8 o'clock was withdrawn. Your answer was that it would depend upon conditions that would exist after it was withdrawn. Do you mean substantially this—that if, under the new conditions, the Southern Road was as slow or slower

than some other lines, you would not consider it to the interests of the service to divert the mail to the slower line?

General SHALLENBERGER. That is understood in all cases.

Mr. GARDNER. That was substantially what was intended by your answer?

General SHALLENBERGER. That was intended.

Mr. FINLEY. General, what number of times during the past year has No. 97 failed to make all of its connections at all termini points between Washington and New Orleans? I know you could not answer that offhand, but I would like to have that information.

General SHALLENBERGER. Mr. Grant can tell you whether he can secure it or not.

Mr. GRANT. We can get it, sir.

Mr. FINLEY. Not only that, but at any of its termini stations—not only all, but at any, and particularly as to being late in its arrival at New Orleans and Atlanta?

Mr. GARDNER. If on any branch line, General (following the thought of that question), the trains were habitually twenty-four hours late, so that yesterday's train pulled in to-day, it would still follow, would it not, that the mail was expedited just as much as though all the trains were on time? The expedited mail that went down to-day would catch the train that ought to have arrived to-day but would arrive to-morrow; if it did not go on that train it would take the one that started the next day and arrive the next day after, so that if the trains on the branch road are habitually late there is just as much expedition by catching one that starts earlier as there would be if they all started on time, is there not?

General SHALLENBERGER. I confess I am not quite prepared to answer that. [Laughter.]

Mr. SNAPP. General, I want to ask you one question. In speaking a few moments ago of the possibility of their abandoning this train No. 97, and the cars of that train being put onto another train with additional cars, did I understand you to say that the combination of cars in one train rather than in two added to the expense of administration?

General SHALLENBERGER. Lessened the expense of administration.

Mr. SNAPP. Lessened the expense of administration—I wish you would explain that; I did not understand that statement.

General SHALLENBERGER. In other words, it costs less to run one large train than two small ones.

Mr. SNAPP. Do you mean that it would decrease the cost of administration to the railroad company?

General SHALLENBERGER. To the railroad company.

Mr. SNAPP. On the theory that it costs less to run one large train than two smaller ones?

General SHALLENBERGER. On that theory. In other words, when a certain train, such as No. 35, becomes so weighted down with additional mail cars as to be unable to keep its published schedule time, it loses all the special-facility pay. That induces the railroad company to put its mail cars and express cars on a separate train, what is called an exclusive mail train, in order that it may not be impeded by the heavy traffic.

Mr. STAFFORD. As at present operated, what kind of cars are comprised in this train, and the number of them?

Mr. GRANT. I do not know of any.

General SHALLENBERGER. There is no such train. The records do not show it.

Mr. FINLEY. The records do not show it? Then the mail coming north is carried on No. 38, is it?

Mr. GRANT. On Nos. 36 and 38. We have other trains coming north, but those are the two great through trains.

Mr. FINLEY. Are those the two fastest trains coming north?

Mr. GRANT. I think so.

Mr. MOON. Mr. Chairman, I think I will ask a question or two about this matter. General Shallenberger, are there any trains from New York to Chicago that make faster time than No. 97, the fast Southern mail train?

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Mr. GRANT. Faster? I can not answer that, Mr. Moon, as to the exact speed.

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Mr. MOON. Are they subsidized in any way?

Mr. GRANT. No, sir.

Mr. MOON. You do not want to subsidize those trains, do you, by reason of competition in other lines that demand mail? Is not that the reason for it?

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Mr. MOON. What sort of traffic are you speaking about?

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Mr. MOON. But I am not speaking about traffic. I am talking about the competition for carrying the mails.

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this \$175,000 over here because there is no such competition as that up in New York?

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Mr. MOON. I know they have not.

General SHALLENBERGER. We would estimate if we desired it.

Mr. MOON. If you do not estimate for it, and do not desire it, why do you think it ought to be retained?

General SHALLENBERGER. I have not said that I think it ought to be retained.

Mr. MOON. Do you not believe that if that was cut off it might bring about a competition for fast mail trains between the other lines running south as much as in any other part of the country?

General SHALLENBERGER. I have no reason to think so, for the reason that its withdrawal could have no possible effect in increasing competition.

Mr. MOON. But it does have that effect on the other roads?

General SHALLENBERGER. No; it does not.

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General SHALLENBERGER. No; the mail service has no effect whatever in increasing the competition there. The competition already exists by reason of the general traffic, which justifies the inauguration and installation of these trains. And whenever we find that that traffic is of such character as to justify a limited mail train at a very high cost, we utilize that train and command it for the mail service.

Mr. MOON. You are now giving the preference in all mail matter to the Southern Railway?

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Mr. MOON. To the Southern Railway in this particular section of the country?

General SHALLENBERGER. In this particular section to the Southern, because it maintains the fastest train service.

Mr. MOON. That preference is given because, you say, of this subsidy?

General SHALLENBERGER. I say because we have this money entrusted to us by Congress to give to the Southern Railway on certain conditions.

Mr. MOON. If the other two roads going South were to go into competition for the mail would there then be any necessity for holding this subsidy on?

General SHALLENBERGER. Will you not repeat that question?

Mr. MOON. Suppose competition did arise for that preference which you give to the Southern, by destroying the support you are now giving the Southern—competition would naturally arise, would it not, between it and the other roads if they were put on an equality with the Southern in reference to carrying the mail? Would they not undertake to run faster trains?

General SHALLENBERGER. They might undertake to run faster trains than they are doing now.

The CHAIRMAN. May I ask a question at this particular point? This item of appropriation, Mr. Shallenberger, is not by law made applicable to the Southern Railway?

Mr. FINLEY. Assuming that No. 97 was withdrawn—that was my question—would the Department feel warranted in diverting as much mail to the Southern Railway as it does at present?

General SHALLENBERGER. It would depend entirely upon the conditions.

Mr. FINLEY. But take conditions as they are to-day with the Southern Railway, with the Seaboard Air Line, and with the Atlantic Coast Line—take the conditions as they are there to-day; I assume that you are cognizant of those conditions?

General SHALLENBERGER. I am not quite cognizant enough in detail to say just what other lines would expedite mail to Atlanta and points covered by No. 97. That is a subject concerning which Mr. Grant is possibly a little better informed than I am.

Mr. FINLEY. I will be very glad to have an answer from him.

General SHALLENBERGER. But assuming that no other change were made—

Mr. FINLEY. Except the withdrawal of No. 97?

General SHALLENBERGER. Except the withdrawal of No. 97.

Mr. FINLEY (continuing). Then would the Department feel warranted in diverting mail to the Southern Railway to the same extent that it does to-day?

General SHALLENBERGER. As I say, it would feel warranted in diverting all the mail that could possibly be expedited, whether by the Southern road or any other road.

Mr. FINLEY. But, General, if you will pardon me, that is not an answer to my question. I am sure they would do that in all cases; but I am asking you this question: Take the conditions first with railroad facilities between here and Atlanta, Ga., and between Washington and New Orleans, just as they are to-day. If No. 97 is withdrawn, is no longer in the service, would the same necessity exist for the Department to divert mail to the Southern Railway to the extent that it does to-day?

General SHALLENBERGER. It depends on what the withdrawal would accomplish.

Mr. FINLEY. I am simply assuming that it would withdraw one train between Washington and New Orleans.

General SHALLENBERGER. It is fair to assume, I think, that any train making an average speed of 40 miles an hour between any two points is attracting to itself a considerable quantity of mail that would go by other lines if it were withdrawn.

Mr. FINLEY. Yes, sir.

General SHALLENBERGER (continuing). Where there are competing lines at all.

Mr. FINLEY. Then is it not true that the same necessity for diverting mail to the Southern Railway would not exist if No. 97 was withdrawn?

General SHALLENBERGER. It is fair to assume that it would, provided the Southern Railway could not, by modifying its schedule—

Mr. FINLEY. I am assuming that all present and existing conditions would continue, and that all present and existing schedules would continue.

General SHALLENBERGER. I am assuming that myself. I am assuming, now, that the schedules of other trains into Atlanta are just

enough slower than that of the Southern Railway to enable it to change and to modify its schedule, reaching there at a later hour, and failing to make certain connections which it now makes. If that be true, then, not being under the necessity of continuing its present schedule within five minutes at each of the connecting points, it would just so far weaken the service as to come within the necessities of the case. How much that would affect its transportation pay I do not know. I assume that it would affect it.

Mr. FINLEY. You think it would affect it to some extent?

General SHALLENBERGER. I assume that it might.

Mr. FINLEY. Yes, sir. Now, let me ask you this question: With the same amount of cars employed on the Southern Railway to-day in carrying the mail between Washington and Atlanta, Ga., and New Orleans, if No. 97 is withdrawn, would the Southern Railway be able to carry that mail by dumping it on the other cars now in the service?

General SHALLENBERGER. I can not say.

Mr. FINLEY. I think that is a reasonable question, General, and I would like to have an answer to it from somebody.

General SHALLENBERGER. I can not say. If Mr. Grant can answer it, I shall be glad to have him do it.

Mr. FINLEY. What can you tell us about that, Mr. Grant?

Mr. GRANT. I do not think it would very materially affect the quantity of mail or the number of cars required on the Southern Road from here to Atlanta.

Mr. FINLEY. Then you think the same service could be performed with the remaining cars now in the service? Am I correct in that?

Mr. GRANT. You mean omitting the cars that are on No. 97?

Mr. FINLEY. Yes.

Mr. GRANT. No, sir.

Mr. FINLEY. That is not an answer to my question, then.

Mr. GRANT. You would have to use the cars that are now on No. 97 on some other train.

Mr. FINLEY. Then the Southern Railway would then be compelled to employ other cars, in addition to the cars in operation, other than No. 97.

Mr. GRANT. Yes, sir.

Mr. FINLEY. So that those cars would be attached to another train and run on another schedule?

General SHALLENBERGER. A combination of cars on one train rather than a separation of cars on two trains affects the cost of administration.

Mr. FINLEY. Is there such a train as No. 98 on the Southern Railway, coming north? Is there not a fast mail train from New Orleans to Washington in a measure corresponding with No. 97 from Washington to New Orleans?

Mr. GRANT. There are Nos. 36 and 38.

Mr. FINLEY. No others besides those?

Mr. GRANT. No, sir.

Mr. FINLEY. I was informed in some way that a train practically corresponding to No. 97 from Washington to New Orleans was put on from New Orleans or Atlanta, Ga., to Washington in the present year, I believe. There is no such train?

Mr. GRANT. I do not know of any.

General SHALLENBERGER. There is no such train. The records do not show it.

Mr. FINLEY. The records do not show it? Then the mail coming north is carried on No. 38, is it?

Mr. GRANT. On Nos. 36 and 38. We have other trains coming north, but those are the two great through trains.

Mr. FINLEY. Are those the two fastest trains coming north?

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son that the transportation payment increases as mileage increases. It is also a factor in determining the ability to maintain a schedule on any particular road; so that it would be considered by the Seaboard Air Line, no doubt, in connection with any application it might make for the special-facility pay. The Department holds itself open, under the law and the appropriation, for any applications that may come looking to better service.

Mr. SMALL. And the application which was made, and under which you made the contract for special facilities, was the best schedule which was offered to the Department?

General SHALLENBERGER. The best attainable schedule at the time.

Mr. SMALL. Some reference was made here to the Southern Railway—about the ownership of their lines—and it is said that they did not own the line from Montgomery to New Orleans. Do you know whether that is true or not?

General SHALLENBERGER. I do not know. The Louisville and Nashville is the road that we have pay stated upon.

Mr. SMALL. From Montgomery to New Orleans?

General SHALLENBERGER. From Montgomery to New Orleans.

Mr. SMALL. Then it is well known that the Southern does not own the Louisville and Nashville?

General SHALLENBERGER. Yes; that, I believe, is well known.

Mr. SMALL. Then the contract was made with the Southern Railway from Washington to Montgomery?

General SHALLENBERGER. From Washington to Atlanta.

Mr. SMALL. From Washington to Atlanta; and with what road from Atlanta to Montgomery?

General SHALLENBERGER. The Western Railway of Alabama.

Mr. SMALL. And with the Louisville and Nashville from Montgomery to New Orleans?

General SHALLENBERGER. And with the Louisville and Nashville from Montgomery to New Orleans—three distinct roads.

Mr. SMALL. And this appropriation, under the contract, is divided between those three lines?

General SHALLENBERGER. It is.

Mr. STAFFORD. Has the Department any data from which it can compile the amount of mail that is carried on 25 of the leading railway lines that have full railway post-office service, and the rate of pay that is received for the carriage of that mail on the individual trains?

Mr. GRANT. That would necessitate going back to the original weight returns and getting them by trains.

General SHALLENBERGER. Mr. Crew is better prepared to answer that question, I think, than anyone else.

Mr. CREW. We can not segregate it. We pay by routes. The law specifies that the rate shall be according to the average weight of mail carried over the route. We do not segregate it between trains. It may be a closed pouch here and a full postal car there. Every pound of mail counts the same.

Mr. STAFFORD. Are not the returns made during the weighing period sufficiently full to give you the amount of mail that is carried on an individual train during that period?

Mr. CREW. Not without going back to the original weight cards.

Mr. STAFFORD. Have you not those original weight cards in your possession?

Mr. CREW. They are held in the division superintendent's office.

General SHALLENBERGER. We do not tabulate the weights with regard to separate trains, the law not requiring any such tabulation.

Mr. STAFFORD. I am quite well aware that the law does not require it, but I thought the Department had the data.

General SHALLENBERGER. No; we have not.

Mr. STAFFORD. I then understand Mr. Crew to say that they have the data which shows the amount of mail that is carried on individual trains as given during the weighing period?

General SHALLENBERGER. Mr. Crew said it might be obtained by going back to the original weight cards in the office of the division superintendent.

Mr. CREW. If we can secure them. Those weights are consolidated in the division superintendent's office. They are sent to us as a consolidated weight report for the route. We do not have the separate trains.

Mr. STAFFORD. Could they be consolidated by trains at the present time?

General SHALLENBERGER. Not within the time that would be required by this committee.

Mr. STAFFORD. How long would it take to compile the amount of mail on an individual line from those weight cards?

General SHALLENBERGER. I think we will be able to give what would be regarded as a satisfactory estimate; it would be only an estimate, but it would be so close as to be substantially correct. We have secured this for purposes of holding each particular train to the service expected of it, so that in case any one train fails on any particular route we may in our fines take note of the value of that particular train to the general service.

Mr. STAFFORD. What do you refer to, Mr. Shallenberger?

General SHALLENBERGER. I refer now to the several routes in which we estimate, after the weighing period, the per cent of each particular train to the whole daily train service.

Mr. STAFFORD. From those tables can you give an estimate of the amount of mail that is carried on the 25 principal trains having R. P. O.'s in the country?

General SHALLENBERGER. I am not sure; but we will be very glad to consult our records upon which this percentage was based, and give you that if we can.

Mr. STAFFORD. How long will it take?

General SHALLENBERGER. It would take but a very little while to do that.

Mr. STAFFORD. Has Mr. Crew any other data from which he thinks he can furnish the information requested?

Mr. CREW. I only have a similar sheet to the one I gave Mr. Shallenberger in regard to the route between Chicago and Milwaukee. That gives the train percentages there. It is the same data—nothing additional.

Mr. STAFFORD. Then I would like to have that data, if you can furnish it.

The CHAIRMAN. Mr. Grant, on yesterday, in answer to a question of Mr. Stafford relative to the various classes of duties of the different classes of clerks, I think there was nothing said relative to any difference in responsibility of those clerks on the same train.

Mr. GRANT. I will be very glad to make that point clear, because possibly the answer I made was open to some misconception.

The duties, of course, in a full R. P. O. car of a thousand-dollar clerk, and an eleven-hundred-dollar clerk, and a twelve-hundred-dollar clerk are those of general distribution; but the requirements for the various classes differ very materially. We have a regular schedule of what we call an examination requirement, which differs as the clerk goes up the line. The requirement, we will say, for a one-thousand-dollar clerk would be from 3,500 to 4,000 offices. For a twelve-hundred-dollar clerk it would be from five to six thousand offices, and for a fourteen-hundred-dollar clerk from eight to nine thousand or ten thousand offices.

Then, too, if in a car one case covered a complicated distribution and the other one was comparatively simple, the high-grade clerk would be given the complicated distribution. In that way, I am very glad to be able to explain, there is a great difference in the requirements which the Department imposes upon these clerks of different classes as they are promoted.

The CHAIRMAN. So that in a crew of clerks comprising different grades of salaries, there are different grades of responsibility involved?

Mr. GRANT. Yes, sir.

The CHAIRMAN. I desire to have the number of the R. P. O. cars at present authorized but not now in the service, together with the number and grade of pay of the clerks who will be necessary in the operation of those cars. Do I understand that you have not that data with you yet?

Mr. GRANT. I have not; no, sir.

The CHAIRMAN. Then you will supply it?

Mr. GRANT. Yes, sir.

Mr. MOON. I would like to put in the record at this point the average speed per hour of the trains of the Chicago and Burlington, "the C. B. and Q.," is 48.81 miles. That is taken from the report of the general superintendent.

The CHAIRMAN. Is there anything further? If not, we will pass to the next item.

TRANSPORTATION OF FOREIGN MAILS.

The CHAIRMAN. The next item is the appropriation for the transportation of foreign mails. You ask for an increase of 10.09 per cent, asking for \$3,000,000 as against \$2,725,000 appropriated for the present fiscal year. Is that increase that you ask for due to your expectation of entirely new service, or to higher rates on new bids on present service?

Mr. STONE. Mr. Chairman, let me say, first, that there was a deficiency last year, and there will probably be a deficiency this year. For this class of service, payments are made in two ways: First, by ocean mail contracts in a few exceptional cases, and in all the other routes by weight; so that as the pay increases it is due to increased weights. Those rates are fixed by law or treaty.

The CHAIRMAN. Of this amount appropriated by this item you are authorized to expend whatever sums may be necessary to cover the proportion of the cost of this Government in the assorting and pouching of mail in the ocean transit. You ask an increase from \$85,000 to \$105,000. Is that entirely for increase of clerks and other expenses of separation?

General SHALLENBERGER. Yes; that is for the extension of that

service, which we call sea post service, upon other lines. We expect that in the near future it will be extended to the Cunard line between New York and Liverpool.

The CHAIRMAN. On page 34, at the beginning of this item, is the item relative to authority to contract under the ocean mail subsidy act for carrying the mails from San Francisco to Tahiti. Was that service contracted for?

Mr. STONE. It was.

The CHAIRMAN. By advertisement and competitive bids?

Mr. STONE. It was.

The CHAIRMAN. What is the amount paid for that service, and what is the term of the contract?

Mr. STONE. It is under the ocean subsidy law, which provides for contracts for both five years and ten years. I do not recall, at the moment, whether that contract was made for the one or the other term.

The CHAIRMAN. But what is the amount?

Mr. STONE. The rate is fixed by law. I think those vessels are of the third-class, and the law fixes the compensation for that class at \$1 per mile of the outward voyage.

The CHAIRMAN. I want to get the amount in the record; I think it is somewhere in the neighborhood of \$44,000. The distance, I think, is 4,412 miles, and at a dollar a mile that would be \$44,120.

Mr. STONE. I think that is the distance; it is about that.

General SHALLENBERGER. The report of the Second Assistant, page 29, says:

During the year an advertisement was issued for ocean mail service from San Francisco to Tahiti, 4,212 statute miles, and a contract was executed with the Oceanic Steamship Company for the performance of service for a period of ten years from July 1, 1905, at the rate of one dollar per mile, outward voyage.

The CHAIRMAN. That would make \$42,120 for the service?

Mr. GARDNER. \$44,000.

General SHALLENBERGER. \$42,120.

The CHAIRMAN. Are there any questions on this item?

General SHALLENBERGER. Just pardon me a moment before we pass from that.

The CHAIRMAN. Yes; complete that.

Mr. STONE. It is \$4,212 per trip. Then it is a question of how many trips are made.

The CHAIRMAN. I had that information here somewhere, I think, in a letter. \$42,120 is the annual pay, you think?

Mr. GARDNER. You would save \$788, then?

Mr. STONE. I can give that to you. Ten trips is correct.

The CHAIRMAN. Ten trips?

Mr. STONE. Yes, sir.

Mr. GARDNER. How many trips were made before?

Mr. STONE. The same number.

Mr. GARDNER. Under the old contract, I mean, when you paid \$45,000 by authority of law.

General SHALLENBERGER. The same number.

Mr. GARDNER. Then the service would cost now \$788 less than it did before?

General SHALLENBERGER. No; it would cost \$2,000 more—the difference between \$45,000 and \$42,000.

The CHAIRMAN. It costs \$1,780 less.

General SHALLENBERGER. Would it not be more?

Mr. GARDNER. No; your former appropriation was \$45,000.

The CHAIRMAN. It is \$2,880 less.

Mr. GARDNER. \$42,120—that is right.

Mr. STONE. I do not think there is any difference in pay at all, because your act making your lump appropriation limited the rate to be paid per mile to the rate which is fixed by the act.

The CHAIRMAN. That is right.

General SHALLENBERGER. So that while the appropriation was not the same the actual payment was the same.

The CHAIRMAN. And the Government lost the amount of the expense incident to the advertising?

Mr. STONE. That is all.

Mr. GARDNER. The cost was the same.

The CHAIRMAN. Are there any other questions on this item?
(There were no other questions.)

ASSISTANT SUPERINTENDENT, DIVISION OF FOREIGN MAILS.

The CHAIRMAN. The item of the appropriation for the assistant superintendent of the division of foreign mails in New York is the same—\$2,500?

General SHALLENBERGER. The same.

Mr. STAFFORD. As I understand, he has not yet been appointed?

General SHALLENBERGER. He has not as yet.

BALANCES DUE FOREIGN COUNTRIES.

The CHAIRMAN. The amount for balances due foreign countries, \$153,000, is the same for the past period of three years?

General SHALLENBERGER. The same as for the past three years.

MISCELLANEOUS ITEMS.

The CHAIRMAN. In the last item of your department, for the miscellaneous items in your office, you ask for \$500 instead of the \$1,000, which has heretofore been authorized. That is because of your recommendation for \$500 for departmental miscellaneous items in the legislative bill, is it not?

General SHALLENBERGER. Yes, sir.

The CHAIRMAN. But if this bill should carry \$500 for miscellaneous expenses in the postal service in the office of the Second Assistant Postmaster-General, including railways guides, city directories, and other books and periodicals necessary in connection with mail transportation, that would be ample so far as the miscellaneous expenses for the postal service in your office would be concerned?

General SHALLENBERGER. So far as they would be concerned; yes.

Mr. GARDNER. Have you any memorandum there about amending that item?

The CHAIRMAN. I have right here; instead of saying "miscellaneous items," we purpose to say "miscellaneous expenses in the postal service in the office of," etc.

General SHALLENBERGER. Yes, sir.

The examination of General Shallenberger having been concluded, he was excused, with the thanks of the committee; and the committee adjourned until Monday, February 5, 1906, at 10.30 o'clock a. m.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,

HOUSE OF REPRESENTATIVES,

Monday morning, February 5, 1906.

Subcommittee called to order at 10.40 a. m.

STATEMENT OF HON. E. C. MADDEN, THIRD ASSISTANT POSTMASTER-GENERAL.

The CHAIRMAN (Hon. Jesse Overstreet). Mr. Madden, we will make inquiry of you relative to several items recommending appropriations for the office of the Third Assistant Postmaster-General, beginning on page 36 of the skeleton bill. The first item is for the manufacture of postage stamps. When does the contract for this manufacture of postage stamps expire?

Mr. MADDEN. I have not the date in my mind, but I should say about a year hence.

The CHAIRMAN. And, so far as the appropriation for the next fiscal year is concerned, it will be under that contract?

Mr. MADDEN. Exactly.

The CHAIRMAN. Is this increase based upon your estimate as to the number of stamps that will be needed?

Mr. MADDEN. It is.

The CHAIRMAN. Based upon the contract price of the present contract?

Mr. MADDEN. It is.

The CHAIRMAN. Do you make an estimate for the amount of money to carry out this contract a little in excess of the probable amount needed on account of the restriction of the law against making a deficit?

Mr. MADDEN. Not this time; we made no such estimate.

The CHAIRMAN. Do you find in the administration of this appropriation for stamped paper—not only postage stamps, but stamped paper—any embarrassment to the service by reason of the restriction of the law against making deficiencies?

Mr. MADDEN. We do.

The CHAIRMAN. To what extent?

Mr. MADDEN. During the year ending July 1 last we were obliged to stop furnishing what we call "request envelopes" to the public several days before the year expired, and were obliged to serve notice upon postmasters of the country that we could not supply special-request envelopes, because the appropriation had been exhausted and because of the prohibition of law against creating a deficiency.

The CHAIRMAN. Would an exception in the making of a deficiency to that law with reference to postage stamps and stamped envelopes and postal cards be a wise provision?

Mr. MADDEN. I think it necessary to avoid embarrassment.

The CHAIRMAN. Because this kind of stamped paper is the source, and only source, practically, of the revenue of the service?

Mr. MADDEN. Exactly.

The CHAIRMAN. I observe that you have unexpended of this appropriation for the last fiscal year in the neighborhood of \$19,000, and you ask an increase of 7.14 per cent over the current year. Have

you any estimate as to what amount will be expended during the current year?

Mr. MADDEN. The increase in the issue of ordinary postage stamps, including those of the commemorative series of 1904, during the year ending June 30, 1905, was 7.71 per cent over the issue of the previous year. The average rate of increase in the postal service in general is about 9 per cent—that is, the general increase of business, all things considered. That rate is employed in estimating the increase for the year ending June 30, 1907. The increase in the issue of special-delivery stamps was 13.45 per cent; and the increase for the next two years is estimated at the rate of 15 per cent yearly.

The CHAIRMAN. What is your estimate on the per cent of increase of receipts?

Mr. MADDEN. The stamp estimates are based upon the general increase of business of the postal service, which is about 10 per cent.

The CHAIRMAN. Do you have before you any data showing the per cent of increase of postal revenue for any number of years past?

Mr. MADDEN. I have not.

The CHAIRMAN. I have before me a table compiled for our use, which shows that, beginning with the year 1895 and terminating with the fiscal year 1905, both years inclusive, a period of eleven years, the average per cent of increase of revenue was 6.05 per cent. In no one of those years did the increase reach 8 per cent except in 1900, when it was 9.11 per cent; in 1902, when it was 9.2 per cent, and 1903, when it was 10.2 per cent. The per cent of increase of expenditure covering the same period, by years, shows that the average per cent of increase during those eleven years was 6.4 per cent. There were only three of those eleven years when the per cent of expenditures increased over its preceding year in excess of 8 per cent; and those were the last three years—1903, an increase of 11.2 per cent; 1904, 9.8 per cent; 1905, 9.8 per cent.

Now, upon that showing, how do you estimate that the increase of business is about 10 per cent?

Mr. MADDEN. I, perhaps, was wrong in stating the per cent of increase in the general business.

The CHAIRMAN. But upon the receipts?

Mr. MADDEN. I think I should have stated that that was the increase in the issue of stamps.

The CHAIRMAN. The Postmaster-General in his report, in making the estimate for the fiscal year 1907, makes an increase of 9 per cent in receipts, and upon that basis, and assuming that all of the estimated amounts for expenditure are expended, he makes a showing of a decided decrease in the deficit of 1907; and you will at once observe that if he falls short in the receipts the deficit will increase rather than decrease. And from this table it appears that the average per cent of increase of receipts is only 6.4, which leads me to doubt very seriously the accuracy of the Department estimate of a 9 per cent increase in receipts.

Mr. MADDEN. I do not know exactly upon what the Postmaster-General based his figures.

The CHAIRMAN. That is not made up in your office?

Mr. MADDEN. No, sir. I think, however, in this particular year the Postmaster-General did ask for some data from my office with regard to that.

The CHAIRMAN. Whatever data your office would be able to give would be with regard to the sale of stamps?

Mr. MADDEN. Yes.

The CHAIRMAN. And your impression is that the sale of stamps indicates an increase of about 9 per cent?

Mr. MADDEN. Yes; that is right.

Mr. STAFFORD. Providing the House should not meet with favor the recommendation of the committee making an exception of the stamped-paper appropriation, regarding the law forbidding expenditure in excess of the amount appropriated, how much would you estimate in this item would be necessary to provide against all contingencies over the amount that you have asked for?

Mr. MADDEN. It is scarcely safe to answer that offhand, but I should think perhaps \$100,000 might be safe.

Mr. STAFFORD. What percentage of increase would you say would be the limit that could be expected to be called for by reason of an exceptional increase in business?

Mr. MADDEN. That is a very hard question to answer. It has happened in some years past that the demand of the public for stamped paper has exceeded the estimate and all expectations; and then again it falls off. Beginning with a fiscal year postmasters may be very well stocked, and therefore their orders during the current year may not appear as high as the previous year. It all depends upon circumstances, and postmasters may be required to send an order sooner this year by reason of the supply being exhausted in their offices. All those things occur in the general business of the Department, and I can not answer that question offhand without taking some time to make a calculation.

Mr. STAFFORD. You said, on the question as to when this contract expired, that you thought it had one year to run.

Mr. MADDEN. Yes, sir.

Mr. STAFFORD. Have you any data before you upon which you can make an authoritative statement in regard to that? I had the impression that it was to expire within the current year, or some time during the forthcoming fiscal year.

Mr. MADDEN. I can determine that positively by calling up the chief clerk of the Department on the telephone, and will do so and let you know about it later.

Mr. SNAPP. With whom is that contract?

Mr. MADDEN. The Bureau of Engraving and Printing or the Treasury Department proper.

Mr. SNAPP. How long before the expiration of the contract is it customary to advertise for the bids?

Mr. MADDEN. I should say six months.

Mr. SNAPP. Then, if it should turn out that the contract expires with this fiscal year, the advertisements for bids may have been already made?

Mr. MADDEN. They are not already made; I would know that.

Mr. SNAPP. I am inclined to think that they expired with the end of this fiscal year.

Mr. MADDEN. That may be correct.

Mr. SNAPP. Then this contract for furnishing stamps is, as a matter of fact, made by one branch of the Government with another branch of the Government?

Mr. MADDEN. That is right.

Mr. SNAPP. With whom is the contract for furnishing stamped envelopes and newspaper wrappers made?

Mr. MADDEN. The Hartford Manufacturing Company, of Hartford, Conn.

Mr. SNAPP. They have no connection whatever with the Government?

Mr. MADDEN. None that I know of.

Mr. SNAPP. What I mean is, they are not in any branch or bureau of any Government department?

Mr. MADDEN. They are not.

Mr. SNAPP. Was that contract let at the same time, if you remember, as the contract for postage stamps?

Mr. MADDEN. No.

Mr. SNAPP. Do you know when that contract expired?

Mr. MADDEN. I can not carry that in my head. If I had known that the committee wanted that, I would have looked it up. I will also get that by telephone.

I find from consulting the records that the contracts for stamped paper expire as follows: Postal cards, January 1, 1910; stamped envelopes, December 31, 1906; postage stamps, October 31, 1906.

Mr. SNAPP. Where are the postage stamps and stamped paper printed, including the special-delivery stamps?

Mr. MADDEN. Our postage stamps of every kind are manufactured, printed, and produced by the Bureau of Engraving and Printing.

Mr. SNAPP. At Washington?

Mr. MADDEN. At Washington. Embossed stamps, or stamped envelopes, and newspaper wrappers are produced at Hartford, Conn., by the Hartford Manufacturing Company. The postal cards are produced at Rumford Falls, Me., by a contractor whose name I can not recall at this moment.

Mr. SNAPP. In response to the last advertisement for bids for stamped paper, can you tell the committee how many bidders there were? I am referring to adhesive postage stamps, special-delivery stamps, and books of stamps.

Mr. MADDEN. Depending entirely upon my memory, I would say two.

Mr. SNAPP. There was one besides that of the Bureau of Engraving and Printing?

Mr. MADDEN. Yes.

Mr. SNAPP. Can you tell the committee whether the Bureau of Engraving and Printing made more than one bid for that contract?

Mr. MADDEN. I should say there was but one formal bid; that is my recollection.

Mr. SNAPP. Those bids in response to that advertisement would finally reach your office, would they not?

Mr. MADDEN. Yes, sir.

Mr. SNAPP. Then you mean by the Bureau of Engraving and Printing making only one formal bid that only one bid submitted by the Treasury Department reached your office, do you not?

Mr. MADDEN. Yes, sir.

Mr. SNAPP. Do you know whether or not, as a matter of fact, the Bureau of Engraving and Printing made up two bids or estimates in answer to that advertisement?

Mr. MADDEN. Not in answer to the advertisement.

Mr. SNAPP. Do you know whether they made more than one for any reason?

Mr. MADDEN. Depending entirely upon my memory, I would say that when the first contract with the Bureau of Engraving and Printing was drawing to a close the Postmaster-General was notified that the Bureau would continue to manufacture stamps, but would charge an increased rate, which increased rate amounted to a very considerable sum on a four-year contract, and the writer apparently was under the impression that no new contract was necessary. The result of that communication was that the Bureau of Engraving and Printing of the Treasury Department submitted in the formal way at the right time a bid which was accepted, because it was the lowest bid, and the figures at which they contracted were considerably lower than that original estimate set forth in the letter to the Department. How much I can not tell you. That is my recollection of the circumstances.

Mr. SNAPP. I am informed, Mr. Madden, that after that advertisement was made for bids the Bureau of Engraving and Printing in making an estimate for which it would furnish those different kinds of stamps for the next period of four years submitted that estimate to the Secretary of the Treasury based upon the cost to the Government for printing and furnishing stamps, which was very much in excess of the price that the Bureau of Engraving and Printing had been furnishing these stamps during the prior four years, and that thereafter the Secretary of the Treasury, for some reason, called upon the Bureau of Engraving and Printing to furnish another estimate or bid, which was finally transferred to the Post-Office Department and which was very much less than the prior estimate which went to the Secretary of the Treasury; and that the Bureau of Engraving and Printing has been furnishing these stamps under that contract at a large loss to the Government. Can you inform the committee anything in regard to that beyond which you have already stated?

Mr. MADDEN. I can not.

The CHAIRMAN. Who has control primarily of the letting of bids and the consideration of them for adhesive postage stamps?

Mr. MADDEN. Formerly it was the Third Assistant Postmaster-General; now it is the purchasing agent.

The CHAIRMAN. It does not fall on you?

Mr. MADDEN. No.

The CHAIRMAN. The estimate which you have made, then, for this appropriation is based entirely, is it, upon the present cost of the stamps?

Mr. MADDEN. Exactly.

The CHAIRMAN. If there should be a change of cost, either higher or lower, it would naturally affect the appropriation itself?

Mr. MADDEN. It would.

The CHAIRMAN. And if a new contract is to be let and the cost should be greater than this, that would make a deficit unless you increased the amount?

Mr. MADDEN. It would.

Mr. SNAPP. I would like to have Mr. Madden furnish the committee, so that it may go into the record, the bids submitted for the

supplying of these different stamps by the Bureau of Engraving and Printing and by the other bidder under the last advertisement.

Mr. MADDEN. If you have my annual report for a year or two back, you will find it printed in that report.

The CHAIRMAN. I wish to ask if the contracts for postal cards and stamped envelopes and newspaper wrappers are also under the purchasing agent?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. And all of your estimates for all of this character of stamped paper are based upon the present contract prices?

Mr. MADDEN. Exactly.

The CHAIRMAN. Is your estimate for postal cards based upon the existing contract or the one that has recently been let?

Mr. MADDEN. The existing contract, because we did not know the new figures.

The CHAIRMAN. What is the difference in the contract price of existing contract and the one that has just been let?

Mr. MADDEN. I can not tell you offhand, because I did not let the contract. It was let by the purchasing agent.

The CHAIRMAN. But if it was at a lower rate your estimate for postal cards would be decreased?

Mr. MADDEN. I am inclined to think that it was at an increased rate.

The CHAIRMAN. Would the estimate not be increased?

Mr. MADDEN. We thought not, otherwise we would have taken that matter up.

Mr. STAFFORD. What work is now performed by your Department as to estimating or supervising specifications calling for these respective bids?

Mr. MADDEN. Limited to just what you said—making an estimate and supervising them.

Mr. STAFFORD. Do you know whether there was more than one bidder for the postal-card contract?

Mr. MADDEN. I think there were two, but I am not sure.

Mr. STAFFORD. The purchasing agent would know that?

Mr. MADDEN. Yes, sir.

Mr. FINLEY. In the last letting of the contract for the manufacture of adhesive postage stamps there were only two bidders. One was the American Bank Note Company, was it not?

Mr. MADDEN. It was.

Mr. FINLEY. That company submitted a bid?

Mr. MADDEN. Yes, sir.

Mr. FINLEY. Did not the Bureau of Engraving and Printing submit two bids?

Mr. MADDEN. I think I answered that question a while ago. Not to my knowledge, at least.

Mr. FINLEY. Has it been called to your attention that the quality of stamps, the paper, is very poor, and that the mucilage or adhesive part of the stamp is also of poor quality?

Mr. MADDEN. I will make a general answer to that question, to this effect, that there is never a time when there are not some people finding fault about the stamped paper, the postal cards, the stamped envelopes, or postage stamps. There are always people who think that they are not up to the standard that they should be. In other

words, they are never all satisfied. We have now, going on from day to day, complaints that come in as to the quality of the paper, as to the mucilage, etc., and every one is investigated—they do not amount to many, possibly a couple a day—and the explanation of it is this: We are informed by the Bureau of Engraving and Printing that the paper used is the best known article for that purpose. The trouble with the mucilage is due to seasons, and that two kinds of gum must be used. They have what they call the winter or soft gum and the summer or hard gum. Sometimes stamps intended to be used in the summer are carried over into the winter, and vice versa, and then the stamps are not so satisfactory, causing a curling of the hard gum, and they adhere with the soft gum. We are correcting that and experimenting with it all the time, and are endeavoring to perfect those qualities in a higher degree. Lately we have been corresponding with foreign governments to see whether they had any process for meeting these atmospheric conditions that are troubling us.

Mr. FINLEY. My question was intended to bring out a comparison between the stamps manufactured under the existing contract and those manufactured formerly, and based somewhat on knowledge that it is a very difficult matter to obtain postage stamps that you can place on a letter without considerable effort and be satisfied that they will remain there. And I have heard complaints personally, that I remember of. But the question that I asked was based upon my own observation and experience to some extent, that stamps as turned out now are much more brittle and easily torn and mutilated than formerly. It is a very difficult matter to have them adhere to the letter, often having to use mucilage. But I suppose that possibly the Bureau of Engraving and Printing had a very low contract, and that they were doing the best they could to avoid a deficit in conducting that branch of Government work.

Is it not a fact that the American Bank Note Company is able to turn out a higher class of work at a given price than the Bureau of Engraving and Printing?

Mr. MADDEN. I hardly think that is a question for me to answer.

Mr. FINLEY. Have the American Bank Note Company contracts with the Government?

Mr. MADDEN. That was before my time.

Mr. FINLEY. None since your administration?

Mr. MADDEN. No, sir.

Mr. FINLEY. Something has been said about the amount of this appropriation, that the Government draws more than \$139,000,000 from the sale of these stamps, and that it would be very unwise to limit or hamper the Department in making contracts. Now, are you sure that the estimate you put down here, \$450,000, is ample?

Mr. MADDEN. No, sir; I am not sure.

Mr. FINLEY. What amount would you say, so as to be sure?

Mr. MADDEN. I could not state any amount different from that. That is the surest amount that I could state.

Mr. FINLEY. Suppose the limitation should not be taken away, that the Department shall not exceed the appropriation for that specific item.

Mr. MADDEN. I said a little while ago that I thought, to be safe, you should add \$100,000 to this item; but that is not absolutely certain. If you will permit me to express an opinion, I would say that

I do not believe that the appropriation for stamped paper should be subject to that restriction in not exceeding the appropriation, because it is impossible to tell in advance what the public demand will be, and it must be supplied or the mail service stops.

The CHAIRMAN. How do you find the sale of small books of stamps continuing?

Mr. MADDEN. Very satisfactory. It increases at the rate of 25 or 30 per cent every year.

The CHAIRMAN. It is a popular practice, is it not?

Mr. MADDEN. It is popular.

The CHAIRMAN. It results in a reasonable profit to the Department?

Mr. MADDEN. The stamps have been sold in books for about four years. They were placed on sale in 1900, and were on sale something like two months of that fiscal year. Two million two hundred and sixty-three thousand were issued during that year. The following year the issues increased to 4,698,000—I will give these figures in round numbers. The next year, 1902, the issues increased to 7,093,000; the next year, 1903, to 9,829,000; the next year, 1904, to 11,161,000, and in 1905, 12,554,000. Now, in these years there were issued 47,600,000 books, in value, \$16,897,000, and the profit for that time, accumulating because of the fraction of a cent which the Government gains, amounts to \$315,647.61.

Mr. SNAPP. In turning to the Report of the Postmaster-General for 1902, on pages 581-582, under the heading of "Adhesive postage stamps and books of stamps," I find that on page 582 the American Bank Note Company, of New York, N. Y., bid \$293,405.38. The bid of the Bureau of Engraving and Printing of the Treasury Department was \$290,354.47 for each year, and the contract period was for four years, was it not?

Mr. MADDEN. That bid was based upon the estimate of the Department as to the quantity which it would require yearly; and therefore their rates per thousand were made upon that basis, to be increased each year according to the demand—not increased in rate, but increased in proportion as the stamps at that rate were ordered.

Mr. SNAPP. Now, these two bidders in submitting their bids made separate bids, did they not, on the different styles and descriptions of stamps?

Mr. MADDEN. Oh, yes.

Mr. SNAPP. So that this total for this year that I have just read is made up from the quantity supplied at the decreased price, the aggregate quantity supplied, based upon the separate bids for the different descriptions of stamps?

Mr. MADDEN. Yes.

Mr. SNAPP. And the separate bids for the different descriptions and sizes of stamps, so far as I see, are not given here in this report.

Mr. MADDEN. You ought to find them there.

Mr. SNAPP. A year or two ago I secured a copy of the bids of these two bidders from your Department—I think possibly from the Secretary of the Treasury—and my recollection is that the bid of the Bureau of Engraving and Printing of the Treasury Department was higher upon every description and size of stamp, except for the Madden book of stamps.

Mr. MADDEN. I think that is correct.

Mr. SNAPP. And that the entire difference between these two bids of a trifle over \$3,000 was to the advantage of the Bureau of Engraving and Printing of the Treasury Department in the matter of the Madden book of stamps only.

Mr. MADDEN. I think that is correct.

Mr. SNAPP. My investigation of that matter sometime afterwards, through the Bureau of Engraving and Printing, led to this conclusion, that the Treasury Department were furnishing all of these stamps to the Post-Office Department under its contract at a loss variously estimated by officers of the Bureau of Engraving and Printing of from fifty to eighty thousand dollars per year. Was that ever brought to your attention?

Mr. MADDEN. It has not been.

Mr. SNAPP. And that the Bureau of Engraving and Printing of the Treasury Department were endeavoring, through economy adopted in the printing and furnishing of these stamps, to reduce that loss to the Government under that contract; and that the economy in the production of these stamps had, and was, and is now resulting in an inferior quality of stamps furnished. Has that ever been brought to your notice?

Mr. MADDEN. It has not. I think there is a liability there to error. Economies are of different kinds. For illustration, there might be an economy in the paper, the quality of the paper, and there might be economy in the quality of mucilage used. There might be economy in the printing, the expense of printing, for instance. If you refer to those items, I know of nothing. If you refer to such items as these, that formerly where a sheet of stamps was destroyed because of one defective one in the sheet, and similar economies, I would say that I think they are practicing them to the utmost, and we are cooperating with them to avoid destroying any stamps that can be used. Formerly a defect in one stamp would cause a sheet to be destroyed. Now we have arranged to use portions of sheets and issue them. In that way I know of economies, but in the ways that would affect the quality of stamps I know of none.

Mr. STAFFORD. Do you know what the practice is of the foreign governments in the method of having their stamps printed?

Mr. MADDEN. I do not; but I think that most of them print their own stamps.

The CHAIRMAN. The next item is for pay of agents and assistants to distribute stamps, and expenses of agencies, for which you make no estimate. It appears that the estimate for this stamp agency is carried in the legislative appropriation bill. I merely want to ask you whether if this transfer to the legislative bill should not be made you would have any suggestions concerning this particular item; in other words, whether it is of any difference to your office in its administration of the service if these particular clerks be in what is called the post-office appropriation bill or in the legislative appropriation bill?

Mr. MADDEN. It is an advantage to have the clerks in the legislative bill.

The CHAIRMAN. In what way?

Mr. MADDEN. Because we can then employ them upon departmental work, which is prohibited now.

The CHAIRMAN. Prohibited by whom?

Mr. MADDEN. By the act, which says that any person—I can not give you the exact language—but, in effect, it is that any person paid from a general appropriation bill can not be employed in any of the Departments in Washington.

The CHAIRMAN. There are seven clerks.

Mr. MADDEN. Yes, sir.

The CHAIRMAN. And my understanding is that the estimate for these seven clerks in the legislative appropriation bill estimates makes no change in their salaries?

Mr. MADDEN. Not that I know of.

The CHAIRMAN. And if they are retained on the post-office bill, then you have no recommendations to make so far as salaries are concerned?

Mr. MADDEN. No.

The CHAIRMAN. Are these clerks now employed continually under that office?

Mr. MADDEN. All excepting the agent. He is employed in two capacities, as agent and as an assistant superintendent of postal finance; and his time is occupied in signing Government warrants. He signs in number all the way from 500 to 2,500 a day.

The CHAIRMAN. What is his salary?

Mr. MADDEN. Two thousand five hundred dollars.

The CHAIRMAN. Then, in addition to the agent, there are six clerks; one clerk of class 3, one clerk of class 2, four clerks at \$900 each, and one clerk at \$840, making seven clerks and the agent.

Mr. MADDEN. Yes, sir.

The CHAIRMAN. Is all of the \$11,280 consumed in their aggregate of salaries?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. That is all that appropriation is used for?

Mr. MADDEN. That is all, excepting incidental items for the agency. We have to buy ice, and little items of that kind for that office.

The CHAIRMAN. Why should you ask for these particular employees to be carried in the legislative bill, and not the agent and assistants to distribute postal cards?

Mr. MADDEN. I did not say that I asked it.

The CHAIRMAN. You have not recommended this transfer to the legislative bill?

Mr. MADDEN. I recommend that all three agencies be transferred.

The CHAIRMAN. Do you see any reason why all three should not be in one bill?

Mr. MADDEN. My idea is that it is departmental service. Those agencies are limbs of the Department. Two of them are located elsewhere than in Washington, and if the contract for printing stamps happened to be let, for illustration, to the American Bank Note Company, after the 31st of October the one in Washington would necessarily be removed to where the stamps are manufactured. My idea in making the estimate was to cover all three of the agencies into the legislative bill, and if that was done we could then effect some economies of administration, but just what I can not say.

The CHAIRMAN. What opportunity is there for the inauguration of economy if these several agencies are covered in the legislative bill that could not be effected if covered by the post-office bill?

Mr. MADDEN. Because we are now limited in our employment of clerks upon that agency roll to work of the kind they are doing, and prohibited from employing them on departmental work. There are periods when the work of the agency is less in volume, and at such times we could use the clerks to advantage in the Department if we were permitted to do so.

The CHAIRMAN. They are employed all the time now, are they not, upon this particular work?

Mr. MADDEN. Yes.

The CHAIRMAN. What opportunity would there be to employ them upon different work?

Mr. MADDEN. There has not been so much opportunity lately that I know of. The work of the agency has been increasing, and there has been no increase of force; but I think what I said a moment ago, we might employ them on work in the Department, is an advantage.

The CHAIRMAN. Are there any so-called departmental clerks at salaries under \$900?

Mr. MADDEN. Yes.

The CHAIRMAN. What is the lowest salary of a departmental clerk?

Mr. MADDEN. Seven hundred and twenty dollars.

The CHAIRMAN. So that the transfer of these clerks would not necessarily mean an increase of salary, if any?

Mr. MADDEN. No, sir; but if you put them in the bill, the legislative bill, they must be estimated for per clerk, as it is in that bill, whereas in this bill it is a lump sum.

Mr. STAFFORD. Do I understand that you do not make any request for the insertion of a new item in case the agent is carried in the legislative bill?

Mr. MADDEN. That estimate was not prepared by me, and I can not answer that question.

Mr. STAFFORD. By whom was it prepared?

Mr. MADDEN. I think the chief clerk of the Department prepared it.

Mr. STAFFORD. Do I understand that these men are now under your charge?

Mr. MADDEN. Yes, sir.

Mr. STAFFORD. What are the respective salaries of agents and assistants?

Mr. MADDEN. The agent gets \$2,500; one clerk of class 3 gets \$1,600; one clerk of class 2 gets \$1,400, and four clerks of class 1 get \$900 each, and there is one clerk at \$840, making a total of \$9,940.

Mr. STAFFORD. And the excess in the appropriation asked for is for expenses of the agency?

Mr. MADDEN. Incidental expenses.

The CHAIRMAN. If there were no transfer to the legislative bill of these employees, and the work remained the same under your office, do I understand you that you could do the same work without any impairment to the efficiency of the service and without the continuation of the agent?

Mr. MADDEN. If the agency remained as now it would require some person to supervise the agency; some person must be in charge of it.

The CHAIRMAN. If the transfer is made, as at present estimated for, whereby all these clerks now employed are transferred to the legislative bill at their same salaries, and no agent is provided for in either bill, how would you be able to get along?

Mr. MADDEN. We would consolidate the stamp agency with the stamp division.

The CHAIRMAN. What is the stamp division?

Mr. MADDEN. The stamp division is the large division of the Third Assistant's office which controls the issuance of postage stamps, postal cards, stamped envelopes, and so forth.

The CHAIRMAN. And it is provided for in personnel under the legislative bill?

Mr. MADDEN. Yes.

The CHAIRMAN. It would, then, be a saving of at least \$2,500 by the transfer?

Mr. MADDEN. Yes.

The CHAIRMAN. Are all of these clerks engaged in their work in the building in Washington—in what is known as the "Post-Office building?"

Mr. MADDEN. The stamp agency is located on F street.

The CHAIRMAN. Are these clerks in the same building with the stamp division?

Mr. MADDEN. Oh, no.

The CHAIRMAN. Where is the stamp division?

Mr. MADDEN. In the Post-Office Department proper.

The CHAIRMAN. If these several employees were transferred to the legislative bill and consolidated with the stamp division, would the employees themselves be taken into the Post-Office building where the stamp division is now operated?

Mr. MADDEN. Yes.

The CHAIRMAN. Then would you do away with some expenses which are now incurred at the F street station?

Mr. MADDEN. Exactly.

The CHAIRMAN. Then, if this transfer were made, it would not only save by the consolidation of this work with the stamp agency the \$2,500 now paid the agent, but whatever sum has heretofore gone in expenses of the agency?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. It would be a saving of something between three and four thousand dollars to the Government?

Mr. MADDEN. Somewhere around that figure.

Mr. STAFFORD. Is the reason of your recommendation the desire to discontinue the agency on F street and consolidate it with the postage-stamp division?

Mr. MADDEN. Yes. Now, it should be stated in that connection that if the postage-stamp contract be let to a bidder who would be located elsewhere than in Washington, the same employees, or employees corresponding to them, would probably be located at the point of manufacture.

Mr. STAFFORD. Why has there been any need of the maintenance of this agency during the past four years while the contract was held by the Bureau of Engraving and Printing?

Mr. MADDEN. No more than there is now.

Mr. STAFFORD. There is no need at present, as I understand you.

Mr. MADDEN. No; not maintained as a separate institution.

Mr. STAFFORD. But there is work that must necessarily be done by those employed in the agency, and which could be more efficiently done

from the administrative standpoint if joined with the postage-stamp division?

Mr. MADDEN. I must not say it would be more efficiently done, because I believe the agency is very efficient. I may say that the consolidation of the agency with the stamp division would result in economies, and probably better administration. Just in what particulars I can not state; but I think in this connection there ought to be a general statement for your understanding as to what the agency means. The theory upon which the agency was originally organized, as I understand it, was to constitute a sort of check between the Post-Office Department and the manufacturer of stamps. The agent is presumed to overlook, and does, as a matter of fact, maintain a clerk at the Bureau of Engraving and Printing all the time, to supervise the manufacture of postage stamps. The theory of the whole thing is that the stamp agency is located at the Bureau of Engraving and Printing, but that is not a fact, because the Bureau of Engraving and Printing has been unable to house them, and was obliged to rent the quarters on F street, where they are. Now, there is no necessity for their remaining on F street. They might be consolidated with the stamp division of the Post-Office Department, and we could continue as we do now to maintain a supervising agent or clerk at the Bureau, who acts in all these matters for the agent in the supervision of the issuance of postage stamps.

Mr. STAFFORD. If this agency was consolidated with one of the Departmental divisions, and a contract was, during the next fiscal year, let to an outside concern, would the department be in a position to establish an agency without the creation of some new officials by legislative provision?

Mr. MADDEN. That is a question I am not able to answer. It seems to me to be largely a legal question as to whether we can segregate a portion of the force employed under the legislative bill and locate it within any other State—for instance, New York.

Mr. STAFFORD. In view of the uncertainty as to who will manufacture the stamps during the ensuing four years, do you think it is advisable that this recommendation should be carried out at present; and in view of the answer you have just given that you would not know whether these clerks could be transferred to the agency to supervise the work at the place of manufacture or not?

Mr. MADDEN. I am inclined to think that we could transfer them, but I am not sure. As to the desirability of making the transfer to the legislative bill now, in view of the expiration of the contract, my answer is that the Postmaster-General has made this recommendation, and I do not think my individual opinion should be asked.

Mr. SNAPP. What are the duties of these agencies?

Mr. MADDEN. To begin with, the postmaster needs postage stamps and he makes a requisition on the Post-Office Department, the Third Assistant Postmaster-General, division of stamps, for, say, 100,000 2-cent stamps. There are many thousands of those requisitions, covering every sort of stamp issued, received every day; some 50 clerks are employed in the stamp division of the Post-Office Department receiving such requisitions, sorting them and checking against the postmaster's account; also checking them to see whether he has over-ordered beyond what his bond would protect the Government for.

Sometimes it is a question of whether a postmaster is not ordering stamps at his office to be sold for use elsewhere, and so on. All of those matters have to be checked up. Frequently requisitions are reduced: we do not give the postmaster all that he asks for. If the allowance is made an order is made upon the contractor in large sheet form, where the entire requisitions of the day are entered and sent daily to the contractor. It calls for so many stamps, 1-cent, 2-cent, and so on, separated according to the orders of the postmasters. This order is sent to the agency, which delivers it to the contractor and sees that the contractor delivers back those packages made up in the amounts called for by the order. The distributing agency addresses the labels and dispatches those stamps in the mails to the postmasters who ordered them. The agency also makes up a bill to the postmasters for so many 1-cent and 2-cent stamps, and so on, on which the postmaster places his receipt for the stamps, which is checked off and sent to the Auditor and charged to his account. The agency is the go-between for the Post-Office Department and the contractor, and is presumed to guard the Department's interests at the point of manufacture.

Mr. SNAPP. Are there any recounts made of these stamps after they leave the contractor and before they are shipped?

Mr. MADDEN. No.

Mr. SNAPP. You take his recount?

Mr. MADDEN. We are bound to do it, because it would require a large force of clerks to make a further count.

Mr. SNAPP. But upon the receipt of the postmaster it is the presumption that he has checked it and that he counts his own stamped paper before he gives a receipt for it.

Mr. MADDEN. Yes, sir.

Mr. SNAPP. Now, that relates to what I understood was a duty of this shipper. That is the reason I asked if the agency would be necessary in case the contractor was a private individual and not the Government itself. If the contractor was a private corporation then on the requisitions of your Department directing them to send a certain amount of stamps to certain offices the responsibility for doing that and their reaching the office, the individual office, safely, and in the proper quantity would devolve upon the contractor entirely, would it not?

Mr. MADDEN. Then you could make it apply.

Mr. SNAPP. The Government could not lose anything by the abolishing in that instance of the agency and leaving to the postmasters themselves the question of determining whether they had received the proper quantity or not.

Mr. MADDEN. You would not ask that question if you had had experience in administration, Mr. Snapp.

Mr. SNAPP. I know what you mean. You intend a reflection upon the postmaster.

Mr. MADDEN. No; I do not.

Mr. SNAPP. Well, that reflection has been made in a number of your reports in connection with postmasters, with respect to the sale of stamps to increase their own salaries, the sale of stamps to bring their post-offices within the free delivery, and yet I have observed in your report and that of the Postmaster-General a high commendation of postmasters of the country and the statement that they will all be

reappointed to office unless the post-office inspectors should make an investigation and report some cause that would be sufficient for dismissal from the service. Now, isn't that true?

Mr. MADDEN. As to the Postmaster-General's statement regarding the reappointments, I have nothing to say; it is not my affair. As to the postmasters in general, I would say now that too high praise can not be given them as a body of public servants. Like all bodies of that kind, there are exceptions, and the exceptions are what are referred to in my annual report and what I refer to here so far as I speak of them. We have had postmasters who deliberately sold stamps for use at other post-offices for the purpose of increasing their sales and bringing their offices up to a degree in gross receipts that will entitle them to a free delivery, increases of salary, and increase of allowances, to which they are not legitimately entitled on the business of their office. On the other hand, we have fourth-class postmasters whose compensation is regulated by the cancellation, who are conniving to bring to their office mail matter that should be mailed elsewhere for the purpose of getting cancellations, and which mail matter if it had been deposited in its proper place would be taken care of by the Department, which has an organized force there for that purpose and without any additional expense. Those are exceptions, and I am glad to say they are very few. But I must say that all of my information as to that is based upon the reports of post-office inspectors.

Mr. STAFFORD. Coming back to the need of this agency, if the contract was let to a private company, and elaborating upon your reply that it is absolutely necessary from an administrative standpoint, I wish to have in the record your answer as to the practice of large railway corporations that have such need for certain staple quantities that they have established purchasing agencies which order the goods and supervise the receipt, and that it is absolutely necessary from a business standpoint to have some such agency to see that the orders are properly filled by the contractor, rather than to leave it to him to allow the orders to accumulate and have the postmasters throughout the country writing to the Department and complaining of the nondelivery of their orders.

Mr. MADDEN. I should say that wherever the Government securities are manufactured—and postage stamps are Government securities—the Government must be represented, and that it should supervise the machinery of the making of the stamps for proper safety to the Government.

Mr. STAFFORD. And further that there should be some agency as a business adjunct to see to the distribution of the product, and that the stamps called for in the requisitions had been forwarded.

Mr. MADDEN. Yes, sir.

The CHAIRMAN. If this particular agency to which we have been addressing our attention should be transferred to the legislative bill, and the contract next fall for the manufacture of stamps should go to some bidder outside of Washington, it would be necessary for the proper checking of the service to put at the place of manufacture a stamp agency of the same character as this is now?

Mr. MADDEN. I should say yes.

The CHAIRMAN. If, on the other hand, the contract should be renewed to a bidder within the city of Washington, then the consolida-

tion of this agency with the stamp division of the Department would be practical.

Mr. MADDEN. Yes, sir.

The CHAIRMAN. Then wouldn't it be better to carry this as it is now until the next year after the contract was made, and then make the proper transfer?

Mr. MADDEN. The Postmaster-General having made the recommendation regarding the change, I do not feel that I should express an opinion.

The CHAIRMAN. The next item is, "For the manufacture of stamped envelopes and newspaper wrappers, \$1,026,000." You ask for an increase of 10.91 per cent. Is that based exclusively upon the demands of the Department?

Mr. MADDEN. In the same manner as the postage stamps. I think in the case of stamped envelopes that it is increasing more than the stamps, and the reason for that is that the public is using more stamped envelopes.

The CHAIRMAN. If there were no exception made to this particular item of appropriation against making a deficit, would you recommend a higher amount than you now estimate?

Mr. MADDEN. No, sir.

The CHAIRMAN. If an exception should be made, would you recommend a decrease in this appropriation?

Mr. MADDEN. No; it is as nearly an accurate estimate as we could possibly make to satisfy the public demand.

Mr. STAFFORD. Under the contract as now existing, what obligation does the contractor undertake as to printing return cards or any other matter on the envelope?

Mr. MADDEN. He undertakes to print what we direct, which is limited to just the words necessary to the return of the envelope to the sender in case of nondelivery. There is no advertisement whatever.

Mr. STAFFORD. How are these envelopes supplied to the public—after they have all been made up, or in sheets?

Mr. MADDEN. After they have all been made up.

Mr. STAFFORD. Is there a demand from the printers and engravers throughout the country that envelopes should be supplied to them in blank sheets, so as to enable them to print thereon in greater quantities than singly?

Mr. MADDEN. No appreciable demand.

Mr. STAFFORD. Are you acquainted with the method of manufacturing envelopes by the large envelope-making concerns and their practice in filling orders for printing, in the particular that the required advertisements can be put on in large sheets before the envelope is made up, and not thereafter?

Mr. MADDEN. According to my understanding, the printing is all done while the paper is flat, and not made up.

Mr. STAFFORD. With the increasing demand coming for these embossed envelopes, and with the general practice to have the envelopes printed or engraved, would it not be a service to the public to have these embossed envelopes furnished in the form of sheets, before they are made up, so as to enable the individual purchaser to have them printed or engraved by that method, rather than after they were made up as envelopes?

Mr. MADDEN. I should say it might be some service to those who

desire to advertise upon the envelope, and engrave upon them in a higher class of printing; but such a provision would require a great change in our system, though just what I can not answer.

Mr. STAFFORD. Would it entail any additional expense in the cost of manufacture by enabling the Department to furnish the engravers or individual concerns these envelopes in the form of sheets rather than already made up?

Mr. MADDEN. The question is: Are the sheets flat, square sheets, or cut for the envelope to be folded? That is the question.

Mr. STAFFORD. How are the sheets, if you have any knowledge, when they are printed by these large envelope-making companies, prior to their being made up?

Mr. MADDEN. I have never noticed any of the companies excepting the one that manufactures our own stamped envelopes. There the cutting is done before the stamp is impressed upon it. After that they are put into a machine which impresses the stamp, prints them, puts on the mucilage, and folds it and bands them in packages of twenty-five.

Mr. STAFFORD. I understand that as at present manufactured by the company at Hartford they are printed separately and not in sheets, with this return card on.

Mr. MADDEN. Yes, sir.

Mr. STAFFORD. You have already stated that the large envelope-manufacturing concerns cut them in sheets, which contain more than one envelope in the making, and that the cutting is after.

Mr. MADDEN. I did not state that.

Mr. STAFFORD. Are you acquainted with any such practice of these large envelope-making concerns?

Mr. MADDEN. No, sir.

Mr. STAFFORD. What additional expense would there be to the Government if they should simply supply the individual callers with these individual sheets and not made up into any envelope form?

Mr. MADDEN. Ordinarily I should say perhaps the expense would be less. There would have to be some system of counting and checking, which that sort of a method would require. It would be much easier to counterfeit an embossed stamp if the public at large were allowed to print what it pleases upon an envelope and fold them afterwards. I should think the opportunities for counterfeiting would be greatly increased.

Mr. STAFFORD. Will you explain where the opportunities for counterfeiting would be increased?

Mr. MADDEN. The firms using them would practically cover the entire surface of the envelope with printing and tints, and so forth, which would prevent our observing the quality of the paper.

Mr. STAFFORD. Can they not do that to-day if they print them separately after they have been made up?

Mr. MADDEN. You can not print successfully on a made-up envelope.

Mr. STAFFORD. Should you not give opportunity to the public at large to print and engrave successfully when there is a demand on the part of the public for something more than a mere return card as furnished by the Government?

Mr. MADDEN. I do not want to be understood as saying that we can

not do it, or should not do it, but simply if we did do it we would have to establish safeguards probably in addition to what we already have, because of what seems to me to be a greater opportunity to counterfeit than there is now.

Mr. STAFFORD. Then the difficulty of ascertainment as to the counterfeiting, you think, would be caused by covering the envelope with printed matter?

Mr. MADDEN. We would have as many different designs of stamped envelopes as there are firms using them; no two would be alike; some would be a tinting of the entire paper; some would place their advertisement on the front and back, and there would be great difficulty in detecting the watermark, as well as great difficulty in determining whether the stamp was put on by the Government or not—that is, there would be greater difficulty than there is now.

Mr. STAFFORD. Would you not have the same check on the private firms who manufacture the envelopes as you have to-day, in the number that are sent to certain places, and would you not know whether they had been manufactured in excessive quantities or not?

Mr. MADDEN. The contractor would not furnish the excess quantity; the private individuals would manufacture them for themselves.

Mr. STAFFORD. Would you know, in case a certain concern were using a certain kind that had not been ordered, whether they were those furnished by the Government or those surreptitiously furnished by a contractor?

Mr. MADDEN. That would be the question. We would receive two envelopes mailed by the same person and they would be so covered by advertisements and tinting that it would be difficult to ascertain whether the stamp was impressed upon that paper before sent to him or not. To give an illustration of that and the efforts that are made to get the best of the Government on such matters, we have a great many firms who buy quantities of postal cards and print them for use. Something occurs that renders those postal cards useless—for instance, the change in the name of the firm, or a change in price of something they are going to advertise. Formerly we allowed that firm to take those cards and enamel them over and use them again. Sometimes the enamel goes on both sides, the address having already been put on, and everything but just the stamp on the card is covered up, as well as the card having been made two or three times as heavy by the enameling as it was formerly. We found in Chicago, I think it was, a complete outfit for furnishing enameled postal cards, and we found it a very hard matter to tell the difference between the United States postal card and the counterfeit card, because the card was so covered up by enamel.

Mr. STAFFORD. One objection that you made to such a practice was that the card might be covered up by print, so that you could not discover the watermark.

Mr. MADDEN. Could not detect the quality of the paper.

Mr. STAFFORD. Would not that objection be obviated in case you limited the space on which the printing or engraving should take place?

Mr. MADDEN. Largely.

Mr. STAFFORD. Would not that be a practical measure and also enable the engravers and printers to perform this work to meet the public wants?

Mr. MADDEN. I should say, yes.

Mr. STAFFORD. Then there would not be any extra expense entailed by the contractor in furnishing them in sheets already embossed; but you believe that there would be a less expense, because the cost of making them up would be done away with?

Mr. MADDEN. I should say the expense ought to be less, but I am unable to answer positively without an inquiry.

Mr. FINLEY. Is it not true that the manufacture of adhesive postage stamps costs very much less as compared in value to the manufacture of stamped envelopes and newspaper wrappers, comparatively speaking?

Mr. MADDEN. Yes, sir; because in the case of the stamped envelope we furnish the paper, and in the case of postal cards we furnish the cards. In the case of postage stamps we furnish the paper, but less of it.

Mr. FINLEY. Do you think that the Government has an advantageous contract for the manufacture of stamped envelopes and newspaper wrappers?

Mr. MADDEN. I do.

Mr. FINLEY. And a contract that is equally advantageous for the manufacture of adhesive postage stamps?

Mr. MADDEN. I think, if anything, more advantageous.

Mr. STAFFORD. Who furnishes the paper and supervises the grades of paper that go to make up the embossed envelopes and newspaper wrappers?

Mr. MADDEN. The contractor.

Mr. STAFFORD. Do you have supervision over the grade or require certain qualities to be furnished as to color and weight?

Mr. MADDEN. The contract requires the color, weight, and everything.

Mr. STAFFORD. What rule do you follow in fixing the price of these envelopes as they are furnished to the public?

Mr. MADDEN. The rule that they shall be sold at the cost of manufacture, plus a per cent to meet the cost of handling. In the Annual Report of the Third Assistant Postmaster-General for the year ending June 30, 1905, on page 15, the following appears: "The gross selling value of stamped envelopes and newspaper wrappers issued to postmasters was \$21,410,485.17, and their postage value was \$20,093,470, leaving \$1,317,000.15 to defray the cost of manufacture and distribution. It is a bulk amount.

The CHAIRMAN. Referring to this appropriation for pay of agents to distribute stamped envelopes and newspaper wrappers (page 37 of the bill), you ask a decrease of \$300 in that item. You estimate \$20,200 instead of \$20,500. Where did you happen to discover an opportunity to save \$300, or was that an oversight?

Mr. MADDEN. I can not answer that for the reason that the estimate which I submitted was \$20,500, and that item was changed before submission.

The CHAIRMAN. It is barely possible that that appears under the expenses of the agency.

Mr. MADDEN. I can not account for it.

The CHAIRMAN. Have you the same force in that agency now that you have had for some years past?

Mr. MADDEN. Yes.

The CHAIRMAN. There has been no change in numbers or salaries?

Mr. MADDEN. Not lately.

The CHAIRMAN. Then your explanation would be that the same character of work would be performed, the same employees would be needed, and therefore the same expenditure?

Mr. MADDEN. That was my original estimate. We can never tell what the incidental expenses will be in advance. Sometimes the trucks that have been used for years will give out at about one time, and sometimes incidentals necessary to any business will be quite large, then other years not so large.

The CHAIRMAN. Are there any other questions on that item? If not, I will direct your attention to the item for the manufacture of postal cards, which you estimate \$202,000, an increase of 3.06 per cent. Is that estimate based, like your other estimates for stamps, stamped envelopes, and newspaper wrappers, simply upon your estimate of what the demand will be?

Mr. MADDEN. It is.

The CHAIRMAN. And if there should be no exception to the law relative to the making of deficits, would you ask for any greater sum than \$202,000 for this item?

Mr. MADDEN. I should say, yes; there should be an increase.

The CHAIRMAN. How much more?

Mr. MADDEN. At least \$50,000. Let me straighten out one thing. The term "stamped paper" covers everything.

The CHAIRMAN. I asked you relative to what increase, if any, you would ask for the manufacture of postage stamps, if there should be no exception to the law relative to the making of deficits, and you said \$100,000 to be entirely safe.

Mr. MADDEN. That is right.

The CHAIRMAN. I asked you the same question with reference to stamped envelopes and newspaper wrappers, and you said "None."

Mr. MADDEN. I misunderstood your question.

The CHAIRMAN. And then I asked you, in the alternative, whether, if the exception were granted, you would recommend a decrease, and you said "No."

Mr. MADDEN. I apparently did not catch the purport of your question.

The CHAIRMAN. You may correct it now, then.

Mr. MADDEN. I should say, yes; there should be at least \$50,000 additional upon that item, too.

Mr. SNAPP. You have estimated in the item of manufacture of postal cards an increase of 3.06 per cent, and you say now that you estimate that it will need an increase of \$50,000 more, provided that a flat appropriation is made for this item, making 25 per cent, about, increase over the last appropriation. Will you not please explain why you think it will need \$50,000 more?

Mr. MADDEN. I misunderstood that question, too. The reason for that is it is impossible for us to know in advance what the public demand will be for any stamped paper, and to be sure that we could furnish all the public needed in case those needs were excessive I should say that we should have at least \$50,000 more than we have estimated for, and yet it is barely possible that the estimate, if allowed, would not be consumed. We can not foretell; but it would be a great embarrassment to the postal service to be unable to furnish

postal cards, and, as we can not foresee, can do no better than estimate the probable demand of the public, I say, to be safe in case we can not spend more than the amount appropriated, we should have \$50,000 to the good.

Mr. SNAPP. But I take it that your estimated increase of \$6,000 is your best judgment as to what may be needed for this coming year?

Mr. MADDEN. Yes, sir.

Mr. SNAPP. Adding \$50,000 to that would make \$56,000. Do you think that by any possibility \$25,000 would not cover all increase that would be possible under any circumstances?

Mr. MADDEN. I am inclined to think that the estimate will cover everything; but you ask me the question as to how much we would need to be sure, and I have said to be absolutely sure we should have \$50,000. That is a mere guess.

The CHAIRMAN. What is the outlook for the present fiscal year with reference to the appropriation for the manufacture of postal cards?

Mr. MADDEN. Speaking without having made inquiry, I think we are about proceeding along according to the estimate.

The CHAIRMAN. And there is not likely to be a deficit unless something unexpected should arise between now and the 30th of June?

Mr. MADDEN. Not that I am aware of.

The CHAIRMAN. The next item is for the pay of agents and assistants to distribute postal cards. You ask a decrease of 25.13 per cent. Does that grow out of a decrease in the number of clerks?

Mr. MADDEN. That grows out of this circumstance: Formerly a number of persons were carried on the rolls in that agency and employed in the Post-Office Department on work in connection with that agency. There was an exception taken to that in various ways. The present legislative bill when it took effect transferred all those people so employed to the legislative bill. Therefore they are out of the estimate for the postal-card agency for the next fiscal year.

The CHAIRMAN. But was not that correction made in this item after the last legislative bill had been acted upon?

Mr. MADDEN. I guess you are right about that; excuse me. What was your question?

The CHAIRMAN. I asked if the clerks carried by the legislative bill for the current fiscal year were not considered before the Post-Office appropriation bill for the current year was finally passed, and the correction made in the current law?

Mr. MADDEN. Yes; you are right.

The CHAIRMAN. Now, what clerks and agents and assistants, etc., are now engaged in the work of the distribution of postal cards, and what are their respective salaries?

Mr. MADDEN. One agent, at \$2,500; two clerks, at \$1,000 each: one clerk, at \$720 per annum.

The CHAIRMAN. One agent and three clerks?

Mr. MADDEN. Yes.

The CHAIRMAN. That, then, would make \$5,220 in the aggregate, and the additional \$500 was to cover the expenses of the agency?

Mr. MADDEN. Two hundred dollars, was it not?

The CHAIRMAN. No; your estimate is \$5,720, and this calculation would make \$5,220. So that would make \$500 to cover expenses of agency. I do not remember myself how it came about. I know there were some things done by the legislative appropriation that were cor-

rected before this bill became a law. It is barely possible that this was not one of them. I notice in a letter addressed by you to me, under date of December 14, 1904, which was during the preparation of the Post-Office appropriation bill for the fiscal year 1906, that there were employed in the postal-card agency one agent, \$2,500; three clerks, at \$1,000 each; five laborers, \$840 each; and four laborers, at \$720 each. So evidently that agency had been very materially reduced.

Mr. MADDEN. Yes; they have been put on under the legislative bill.

Mr. STAFFORD. What clerks are now employed at the agency for the manufacture of stamped envelopes and newspaper wrappers, and what are their respective salaries?

Mr. MADDEN. One agent, at \$2,500; one clerk, class 4, \$1,800; six clerks, class 1—

The CHAIRMAN. How much salary is class 1?

Mr. MADDEN. That is not down, but it is \$1,200. That is \$7,220 in the aggregate. Six clerks, class 1; two clerks, at \$1,000 each; six clerks, at \$720 each; one laborer, at \$660.

Mr. STAFFORD. In that item, then, you allow \$1,000 for expenses of agency, and to the postal-card agency you allow \$500 for expenses of agency.

Mr. MADDEN. These estimates were changed, and therefore I have to look. [After referring to memorandum.] Twenty thousand five hundred dollars. What do these italics mean, Mr. Chairman?

The CHAIRMAN. That means new matter. The italics mean your estimates; the matter in brackets is the current law.

Mr. MADDEN. That estimate was reduced \$300 after it was sent to the Postmaster-General, because I estimated for \$20,500 and he has submitted \$20,200.

Mr. STAFFORD. What department has charge of the manner of dispatch in the distribution of stamped envelopes and newspaper wrappers and postal cards?

Mr. MADDEN. The Third Assistant Postmaster-General.

Mr. STAFFORD. Will you explain the practice of distributing the stamped envelopes, newspaper wrappers, and postal cards to the various post-offices throughout the country?

Mr. MADDEN. The explanation I gave in regard to the postage stamps fits.

Mr. STAFFORD. Are there not separate depositories in some of the leading cities throughout the country upon which requisition is made for the supply of the orders of the respective postmasters so far as this style of stamped paper is concerned?

Mr. MADDEN. There is a depository at St. Louis for the stamped envelopes.

Mr. STAFFORD. Is there any other depository?

Mr. MADDEN. No; that is the only one.

Mr. STAFFORD. You have no depository for postal cards?

Mr. MADDEN. Yes; we have a number for postal cards; four, I think.

Mr. STAFFORD. How are these supplies carried—transported—to these respective depositories, and also when dispatched direct from the agency at place of manufacture to the individual post-offices?

Mr. MADDEN. That is one of my economies, establishing the agency

for stamped envelopes at St. Louis. I believed that we could store there quantities of the plain stamped envelopes, for which there is a great demand—an unprinted envelope; and we ship our stamped envelopes there by freight and supply the western country, box by box, through the mails, according to the postmasters' orders for the kind of stamped envelopes which can be kept in storage.

Mr. STAFFORD. And when distributed from that office how are they dispatched?

Mr. MADDEN. By mail.

Mr. STAFFORD. And in case of all orders filled direct from the agency at place of manufacture, how are those orders dispatched?

Mr. MADDEN. By mail, except—I am not quite sure on this point—in the case of large cities, where the order is very large and will fill a car, we use a car wherever we can, shipping by freight.

Mr. STAFFORD. What is the occasion that these supplies should be sent by mail and not by freight or by express, which latter method would result in less charge to the postal service, especially if they are sent throughout the year and during that portion of the year when the weighing takes place, on which the railroads receive their pay for the carriage of their mails?

Mr. MADDEN. The reason for sending them by freight is to effect economy.

Mr. STAFFORD. No; my question is, What is the reason you do not send them by freight in all cases except to those depositories and the few large offices?

Mr. MADDEN. For the reason that the stamped envelopes are Government securities, and they must be properly secured. In the case of a carload, it is sealed and not tampered with at all until the seal is broken at the point of delivery, so we have complete control of the contents. If the box were to be turned in as ordinary freight and handled as ordinary freight we would have no security from tampering with the stamped envelopes.

Mr. STAFFORD. Would it be cheaper to dispatch them by express, particularly to long distances, such as to San Francisco or to any place in the West, than the rate we pay to the railroads for the carriage of the mails? And would not that be as expeditious a service as the needs of the post-offices require?

Mr. MADDEN. I should say it would be as expeditious ordinarily as would be required; but as to the expense of it, it would require investigation for me to answer your question.

Mr. STAFFORD. How many depositories are there for the distribution of postal cards throughout the country?

Mr. MADDEN. Four, I think.

Mr. STAFFORD. Where are they located?

Mr. MADDEN. One in Washington, D. C.; one in Troy, N. Y.; one in St. Louis, and one in Cincinnati.

Mr. STAFFORD. Are these respective depositories manned by clerks that are provided for in the post-office bill or are they considered departmental clerks and provided for in the legislative bill?

Mr. MADDEN. At the St. Louis, Mo., and Washington, D. C., sub-agencies the employees engaged in this work are paid from appropriations provided in the post-office appropriation bill. At Cincinnati, Ohio, and Troy, N. Y., the work is performed entirely by employees of the local post-office.

Mr. STAFFORD. In view of the growing favor and use of the embossed stamped envelopes, and in view of the fact that you have occasion to send postal cards also, would it not be a saving to establish depositories in other parts of the country, whereby you could ship that kind of mailable matter, that kind of stamped paper, in car-load lots, rather than by the mails, at such a very increased price.

Mr. MADDEN. Several matters must be considered before the establishment of an agency or depository of that kind. Among them is the accommodations at a convenient point, and we can not establish an agency unless the Government has there some place where the matter deposited can be safely and conveniently handled.

Mr. STAFFORD. In most of the large cities there are such places in connection with the Government buildings, or portions of those Government buildings could be arranged for depository purposes?

Mr. MADDEN. They could be; there is no doubt about that. Some time ago——

Mr. STAFFORD. If they were, would it not be good administration and a saving to have them dispatched by freight or to save the expense?

Mr. MADDEN. Yes, sir.

Mr. STAFFORD. Why has not that been done up to the present time in establishing such agencies throughout the country, so as to make that saving?

Mr. MADDEN. For the same reason, Mr. Stafford, that a good many other things we would like to do have not been done; there have been obstacles, the impossibility of bringing those reforms about all at once. It takes time. Among them is this very one we are talking about—appropriations. The First Assistant notified me some years ago that the service of handling the postal cards in the various post-offices where agencies were established could not be performed by the post-office clerks, and that I must find a means for supplying a departmental force for that purpose. I came before this committee with an estimate, I think something like \$10,000 or \$15,000 for that sort of service, and we have not got it yet.

Mr. STAFFORD. Not before the committee as at present constituted in the last two sessions of Congress.

Mr. MADDEN. No; it has not been lately. I think the last time it was heard of was about three or four years ago; three years ago, I should say.

Mr. STAFFORD. You have not renewed your recommendation, though, since the committee has been organized as at present constituted?

Mr. MADDEN. No; because of the conditions, Mr. Stafford, which have not been favorable to bringing it about. We have now that condition that we have some agencies partially supplied with force maintained from this appropriation for the postal-card agency, and the rest of the service is performed by post-office people. Now, the postmaster at St. Louis, where we maintain a stamped-envelope agency, and the only stamped-envelope agency we have except at the point of manufacture, is obliged at times to use some of the post-office force to handle the matter. Why? Because we have not an appropriation to give him any other.

Mr. STAFFORD. What objection is there to his using some of his postal clerks for that service if they are performing it for the benefit of the service in general?

Mr. MADDEN. Therein is one of our difficulties again. The allegation of the First Assistant Postmaster-General is that that is a departmental service and can not be performed lawfully by people paid from the postal service bill; and, on the other hand, we find that we can not employ the same people from that appropriation in the Post-Office Department.

Mr. STAFFORD. Is that the only obstacle—

Mr. MADDEN. That is one of the obstacles.

Mr. STAFFORD. What would be necessary to overcome that obstacle?

Mr. MADDEN. A proper investigation of the subject and a conclusion as to what is to the best interests, and the allowance then of an appropriation or an authority to pay postal clerks, because this is departmental service.

Mr. STAFFORD. What other obstacles are there that stand in the way to bring about this saving?

Mr. MADDEN. Only that of being a convenient place to store the stock at the post-office. I should say no more.

The CHAIRMAN. Referring to the general appropriation of \$500 for ship, steamboat, and way letters carried in your office, what do you have to do with that?

Mr. MADDEN. That has always been a little bit of a riddle to me, but it is this: There are a great many points which the mail service does not reach—

The CHAIRMAN. I understand the purpose of it; it is to meet those little places along the water courses where there is not a regular mail delivery and collection; but why should it be under the Third Assistant and not under the Second?

Mr. MADDEN. I will have to make the stock answer to that, just simply because it has always been there and it has always been regarded as the function of his office.

The CHAIRMAN. It is a small accommodation which Congress has thought for many years is an accommodation in the instances where used, but I have wondered why it should come under the Third Assistant.

Mr. MADDEN. It may be it should not be there, but I could not answer you offhand without looking into it.

The CHAIRMAN. You do administer that?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. And determine how it shall be used?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. And pass upon the accounts?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. Referring to the item of \$6,000 for the pay of indemnity for the loss of pieces of first-class registered matter, that is administered in your department because you have charge of the registration laws?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. You ask for the same amount, \$6,000?

Mr. MADDEN. Yes.

Mr. STAFFORD. How much indemnity do you pay on the individual piece?

Mr. MADDEN. Twenty-five dollars is the limit on a first-class piece sent from and addressed to the United States post-office.

Mr. STAFFORD. Then the sender must make satisfactory proof?

Mr. MADDEN. Yes; we pay not exceeding \$25.

The CHAIRMAN. At the bottom of page 38, the item known as "Miscellaneous items," heretofore carrying \$1,000, you estimate \$500. That, I understand, is because \$500 is asked for in the legislative bill for departmental service in your office. Am I correct?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. I want to ask you if \$500 would, in your judgment, be sufficient to cover miscellaneous expenses in the postal service in the office of the Third Assistant Postmaster-General, so that any supplies that might be needed would come out of this appropriation for supplies under the supply department?

Mr. MADDEN. I should say that \$500 would be enough, but that all depends upon circumstances. We pay from that item any traveling expenses of the clerks that are not provided for otherwise, and so forth. It might be great and it might be small.

The CHAIRMAN. No items of travel would go to anybody except in the office of the Third Assistant Postmaster-General?

Mr. MADDEN. No.

The CHAIRMAN. But would \$500 be sufficient to cover any miscellaneous expense in your office, including traveling expenses of persons in your office traveling solely in connection with the postal service?

Mr. MADDEN. I should say it probably would, the way we are going now.

The CHAIRMAN. I notice in 1905 there was expended in your office there from this appropriation \$153.50.

Mr. MADDEN. Yes.

The CHAIRMAN. Are there any other questions on this item?

The appropriation for the employment of special counsel to prosecute and defend suits affecting second-class mail privileges was omitted from your estimate, but under date of February 1 a letter over the signature of the Postmaster-General was addressed to me asking a reappropriation of this amount.

Mr. MADDEN. Of the unexpended amount; yes.

The CHAIRMAN. Can you tell the committee how much unexpended balance there was at the end of the last fiscal year?

Mr. MADDEN. I think six thousand or seven thousand dollars.

The CHAIRMAN. This has been authorized for several years, the unexpended balance, and you desire that continued?

Mr. MADDEN. Yes; made available; that is all; no new money there.

Mr. FINLEY. What progress has been made in prosecutions?

Mr. MADDEN. Prosecutions? I do not know that I understand what you mean.

Mr. FINLEY. I mean as covered by this item.

Mr. MADDEN. That is not for prosecutions; it is for defense. The publishers have been enlarging the second-class privilege for alleged periodicals, and those which were held up in violation of law, when cut off, applied to the courts to stay the hand of the Department, and this special counsel has defended the Government.

Mr. FINLEY. There is nothing in your report, is there, showing the progress of those suits during the year?

Mr. MADDEN. Not suits during the year; no, sir. There are a number of them pending; no new suits lately, except one.

Mr. FINLEY. There have been decisions, though, during the year, have there not?

Mr. MADDEN. Yes, sir.

Mr. FINLEY. About what is the trend of those decisions? Is it favorable to the Department or otherwise?

Mr. MADDEN. They have all been favorable to the Department, but one—that is, one decision covering two cases.

Mr. FINLEY. Please tell us what that was.

Mr. MADDEN. That was known as the Railway Guide case and the Railway List case—

Mr. FINLEY. May I ask, has the Department made regulations such as would meet the decisions of the court in that respect?

Mr. MADDEN. Yes, sir.

Mr. FINLEY. And what has been the result of that; have you been attacked?

Mr. MADDEN. Well, we have not been attacked much since the Supreme Court decision, practically none; I can not recall any particular case that has arisen except one. In my annual report, page 22, I give you the result of the effective establishment of the correction of the book abuse; the sample-copy abuse has been tested in the courts, and the courts sustained the ruling of the Department; in the Incorporated Institution of Learning abuse the Department's ruling has been sustained. The news agents did not contest. You know what that means.

The CHAIRMAN. I do, and I suppose the others do. That is the return of newspapers.

Mr. MADDEN. Yes; the return from all over the country to the central agency.

Mr. FINLEY. That has not been contested?

Mr. MADDEN. No.

Mr. FINLEY. Because the Department was clearly right?

Mr. MADDEN. Yes; sound in morals, sound in law, sound in every way.

Mr. FINLEY. Have you not other regulations in contemplation that will bring about additional reforms in the matter of publication?

Mr. MADDEN. Yes, sir.

Mr. FINLEY. Can you give any opinion as to about what the saving will be in that particular? I mean with reference to supplements that go along with an ordinary newspaper, or something on that order.

Mr. MADDEN. I can as to the savings at two post-offices on the book abuse, and miscellaneous matter at one office.

Mr. FINLEY. That is in your report?

Mr. MADDEN. Yes; that is in my report. As to the supplement abuse, it amounted to this: That it came to be a practice, it came to be an accepted idea of publishers, that the having of the newspaper rate for their newspapers practically gave them the rate for everything else they wished to mail, whereas the law limits the privilege to the newspaper. By the device of calling things supplements, inclosing them with newspapers, and sending them out, many things not legally entitled to that rate were, nevertheless, mailed at that rate.

Mr. FINLEY. Book matter in supplement form?

Mr. MADDEN. Yes; sometimes. So-called supplements, labeled supplements, and if the labels were conclusive we were done.

Mr. FINLEY. You have promulgated that order?

Mr. MADDEN. Yes.

Sometimes it is a question of whether a postmaster is not ordering stamps at his office to be sold for use elsewhere, and so on. All of those matters have to be checked up. Frequently requisitions are reduced; we do not give the postmaster all that he asks for. If the allowance is made an order is made upon the contractor in large sheet form, where the entire requisitions of the day are entered and sent daily to the contractor. It calls for so many stamps, 1-cent, 2-cent, and so on, separated according to the orders of the postmasters. This order is sent to the agency, which delivers it to the contractor and sees that the contractor delivers back those packages made up in the amounts called for by the order. The distributing agency addresses the labels and dispatches those stamps in the mails to the postmasters who ordered them. The agency also makes up a bill to the postmasters for so many 1-cent and 2-cent stamps, and so on, on which the postmaster places his receipt for the stamps, which is checked off and sent to the Auditor and charged to his account. The agency is the go-between for the Post-Office Department and the contractor, and is presumed to guard the Department's interests at the point of manufacture.

Mr. SNAPP. Are there any recounts made of these stamps after they leave the contractor and before they are shipped?

Mr. MADDEN. No.

Mr. SNAPP. You take his recount?

Mr. MADDEN. We are bound to do it, because it would require a large force of clerks to make a further count.

Mr. SNAPP. But upon the receipt of the postmaster it is the presumption that he has checked it and that he counts his own stamped paper before he gives a receipt for it.

Mr. MADDEN. Yes, sir.

Mr. SNAPP. Now, that relates to what I understood was a duty of this shipper. That is the reason I asked if the agency would be necessary in case the contractor was a private individual and not the Government itself. If the contractor was a private corporation then on the requisitions of your Department directing them to send a certain amount of stamps to certain offices the responsibility for doing that and their reaching the office, the individual office, safely, and in the proper quantity would devolve upon the contractor entirely, would it not?

Mr. MADDEN. Then you could make it apply.

Mr. SNAPP. The Government could not lose anything by the abolishing in that instance of the agency and leaving to the postmasters themselves the question of determining whether they had received the proper quantity or not.

Mr. MADDEN. You would not ask that question if you had had experience in administration, Mr. Snapp.

Mr. SNAPP. I know what you mean. You intend a reflection upon the postmaster.

Mr. MADDEN. No; I do not.

Mr. SNAPP. Well, that reflection has been made in a number of your reports in connection with postmasters, with respect to the sale of stamps to increase their own salaries, the sale of stamps to bring their post-offices within the free delivery, and yet I have observed in your report and that of the Postmaster-General a high commendation of postmasters of the country and the statement that they will all be

reappointed to office unless the post-office inspectors should make an investigation and report some cause that would be sufficient for dismissal from the service. Now, isn't that true?

Mr. MADDEN. As to the Postmaster-General's statement regarding the reappointments, I have nothing to say; it is not my affair. As to the postmasters in general, I would say now that too high praise can not be given them as a body of public servants. Like all bodies of that kind, there are exceptions, and the exceptions are what are referred to in my annual report and what I refer to here so far as I speak of them. We have had postmasters who deliberately sold stamps for use at other post-offices for the purpose of increasing their sales and bringing their offices up to a degree in gross receipts that will entitle them to a free delivery, increases of salary, and increase of allowances, to which they are not legitimately entitled on the business of their office. On the other hand, we have fourth-class postmasters whose compensation is regulated by the cancellation, who are conniving to bring to their office mail matter that should be mailed elsewhere for the purpose of getting cancellations, and which mail matter if it had been deposited in its proper place would be taken care of by the Department, which has an organized force there for that purpose and without any additional expense. Those are exceptions, and I am glad to say they are very few. But I must say that all of my information as to that is based upon the reports of post-office inspectors.

Mr. STAFFORD. Coming back to the need of this agency, if the contract was let to a private company, and elaborating upon your reply that it is absolutely necessary from an administrative standpoint, I wish to have in the record your answer as to the practice of large railway corporations that have such need for certain staple quantities that they have established purchasing agencies which order the goods and supervise the receipt, and that it is absolutely necessary from a business standpoint to have some such agency to see that the orders are properly filled by the contractor, rather than to leave it to him to allow the orders to accumulate and have the postmasters throughout the country writing to the Department and complaining of the nondelivery of their orders.

Mr. MADDEN. I should say that wherever the Government securities are manufactured—and postage stamps are Government securities—the Government must be represented, and that it should supervise the machinery of the making of the stamps for proper safety to the Government.

Mr. STAFFORD. And further that there should be some agency as a business adjunct to see to the distribution of the product, and that the stamps called for in the requisitions had been forwarded.

Mr. MADDEN. Yes, sir.

The CHAIRMAN. If this particular agency to which we have been addressing our attention should be transferred to the legislative bill, and the contract next fall for the manufacture of stamps should go to some bidder outside of Washington, it would be necessary for the proper checking of the service to put at the place of manufacture a stamp agency of the same character as this is now?

Mr. MADDEN. I should say yes.

The CHAIRMAN. If, on the other hand, the contract should be renewed to a bidder within the city of Washington, then the consolida-

tion of this agency with the stamp division of the Department would be practical.

Mr. MADDEN. Yes, sir.

The CHAIRMAN. Then wouldn't it be better to carry this as it is now until the next year after the contract was made, and then make the proper transfer?

Mr. MADDEN. The Postmaster-General having made the recommendation regarding the change, I do not feel that I should express an opinion.

The CHAIRMAN. The next item is, "For the manufacture of stamped envelopes and newspaper wrappers, \$1,026,000." You ask for an increase of 10.91 per cent. Is that based exclusively upon the demands of the Department?

Mr. MADDEN. In the same manner as the postage stamps. I think in the case of stamped envelopes that it is increasing more than the stamps, and the reason for that is that the public is using more stamped envelopes.

The CHAIRMAN. If there were no exception made to this particular item of appropriation against making a deficit, would you recommend a higher amount than you now estimate?

Mr. MADDEN. No, sir.

The CHAIRMAN. If an exception should be made, would you recommend a decrease in this appropriation?

Mr. MADDEN. No; it is as nearly an accurate estimate as we could possibly make to satisfy the public demand.

Mr. STAFFORD. Under the contract as now existing, what obligation does the contractor undertake as to printing return cards or any other matter on the envelope?

Mr. MADDEN. He undertakes to print what we direct, which is limited to just the words necessary to the return of the envelope to the sender in case of nondelivery. There is no advertisement whatever.

Mr. STAFFORD. How are these envelopes supplied to the public—after they have all been made up, or in sheets?

Mr. MADDEN. After they have all been made up.

Mr. STAFFORD. Is there a demand from the printers and engravers throughout the country that envelopes should be supplied to them in blank sheets, so as to enable them to print thereon in greater quantities than singly?

Mr. MADDEN. No appreciable demand.

Mr. STAFFORD. Are you acquainted with the method of manufacturing envelopes by the large envelope-making concerns and their practice in filling orders for printing, in the particular that the required advertisements can be put on in large sheets before the envelope is made up, and not thereafter?

Mr. MADDEN. According to my understanding, the printing is all done while the paper is flat, and not made up.

Mr. STAFFORD. With the increasing demand coming for these embossed envelopes, and with the general practice to have the envelopes printed or engraved, would it not be a service to the public to have these embossed envelopes furnished in the form of sheets, before they are made up, so as to enable the individual purchaser to have them printed or engraved by that method, rather than after they were made up as envelopes?

Mr. MADDEN. I should say it might be some service to those who

desire to advertise upon the envelope, and engrave upon them in a higher class of printing; but such a provision would require a great change in our system, though just what I can not answer.

Mr. STAFFORD. Would it entail any additional expense in the cost of manufacture by enabling the Department to furnish the engravers or individual concerns these envelopes in the form of sheets rather than already made up?

Mr. MADDEN. The question is: Are the sheets flat, square sheets, or cut for the envelope to be folded? That is the question.

Mr. STAFFORD. How are the sheets, if you have any knowledge, when they are printed by these large envelope-making companies, prior to their being made up?

Mr. MADDEN. I have never noticed any of the companies excepting the one that manufactures our own stamped envelopes. There the cutting is done before the stamp is impressed upon it. After that they are put into a machine which impresses the stamp, prints them, puts on the mucilage, and folds it and bands them in packages of twenty-five.

Mr. STAFFORD. I understand that as at present manufactured by the company at Hartford they are printed separately and not in sheets, with this return card on.

Mr. MADDEN. Yes, sir.

Mr. STAFFORD. You have already stated that the large envelope-manufacturing concerns cut them in sheets, which contain more than one envelope in the making, and that the cutting is after.

Mr. MADDEN. I did not state that.

Mr. STAFFORD. Are you acquainted with any such practice of these large envelope-making concerns?

Mr. MADDEN. No, sir.

Mr. STAFFORD. What additional expense would there be to the Government if they should simply supply the individual callers with these individual sheets and not made up into any envelope form?

Mr. MADDEN. Ordinarily I should say perhaps the expense would be less. There would have to be some system of counting and checking, which that sort of a method would require. It would be much easier to counterfeit an embossed stamp if the public at large were allowed to print what it pleases upon an envelope and fold them afterwards. I should think the opportunities for counterfeiting would be greatly increased.

Mr. STAFFORD. Will you explain where the opportunities for counterfeiting would be increased?

Mr. MADDEN. The firms using them would practically cover the entire surface of the envelope with printing and tints, and so forth, which would prevent our observing the quality of the paper.

Mr. STAFFORD. Can they not do that to-day if they print them separately after they have been made up?

Mr. MADDEN. You can not print successfully on a made-up envelope.

Mr. STAFFORD. Should you not give opportunity to the public at large to print and engrave successfully when there is a demand on the part of the public for something more than a mere return card as furnished by the Government?

Mr. MADDEN. I do not want to be understood as saying that we can

rural free-delivery service, there would have been no deficit. This item of postage alone would have far exceeded the amount of the deficiency.

There are several administrative reasons that are properly urged against a return to the practice of requiring "Government free" matter to be prepaid by postage stamps in the same way as similar matter mailed by the public. It would require appropriations for each Department and for members of Congress and necessitate additional accounting. There are, however, sound administrative reasons why it would be better business policy for each Department to pay postage upon its mail matter according to its class. The weight of opinion seems to be in favor of this plan, so modified as to eliminate the necessity of affixing stamps, but maintaining the principle that each Department be charged with the whole expense of conducting its business. From this change there would come some great advantages; the tendency to use the mails for matter that ought to be otherwise transported would be restrained; merchandise, including heavy quantities of printed matter not requiring expeditious handling, would be sent by cheaper modes of conveyance; only matter not requiring expeditious delivery and on which the postage can be properly paid as for Government business would be sent by mail; and the true relation of the Post-Office Department to the other Departments as regards actual receipts and expenditures would be more accurately determined.

Mr. MADDEN. I think that is my best answer to that question.

Mr. FINLEY. You agree with the Postmaster-General that the proportion of official to public matter has increased since 1873?

Mr. MADDEN. I do.

Mr. FINLEY. To what extent has it increased?

Mr. MADDEN. No person can tell. We simply know by the drift of the mails that the volume of mail on one hand in proportion to that on the other has increased.

Mr. FINLEY. When the term "free matter" is here used do you understand that to include departmental matter as well as matter franked by members of Congress?

Mr. MADDEN. It always does include it.

Mr. FINLEY. In your opinion, about what is the rate of public documents annually published by the Government?

Mr. MADDEN. I can not give you any reliable estimate at all.

Mr. FINLEY. As near as you could give one, knowing that you could not make it at all accurate, what would you say?

Mr. MADDEN. The Postmaster-General's report shows, based upon the data used in compiling the figures, that if all free matter of the Government last year had paid postage at the rate which the public is required to pay on the same matter, the revenues of the Post-Office Department would have been approximately \$20,000,000 more than they were.

Mr. FINLEY. In making the estimate of the loss of \$20,000,000 to the Government on the carriage of this matter, do you calculate the cost of the carriage of the public matter at 1 cent a pound or 8 cents a pound?

Mr. MADDEN. At the cost of all mail matter.

Mr. FINLEY. Then on documents it would be at the pound rate?

Mr. MADDEN. Documents would be just the same as anything else. We pay in the bulk.

The CHAIRMAN. Five cents is what you estimate in the report as the cost of carriage.

Mr. FINLEY. The Postmaster-General's statement, as I take it, was that if that matter had paid the price paid by the public, then the Government would have been \$20,000,000 better off?

Mr. MADDEN. That is the statement.

Mr. FINLEY. That being true, the cost of carriage would have no relation to the question. What I was trying to get at was, At what rate would public documents go into the mail?

Mr. MADDEN. Third-class rate—1 cent for 2 ounces.

Mr. FINLEY. So that is the nearest approach to an answer that you can give as to the weight of public matter?

Mr. MADDEN. Yes, sir.

Mr. FINLEY. In your judgment, and you have been in the public service a long time—

Mr. MADDEN. Fourteen years.

Mr. FINLEY. Is it necessary to conduct the Government business with public documents to the extent that they are published?

Mr. MADDEN. Do you ask me whether, in my judgment, it is necessary to continue to publish public documents?

Mr. FINLEY. To the extent that they are published now.

Mr. MADDEN. I hardly think that would be a fair question to ask of a postal official. I am sure that I do not want to be put in the attitude of criticising the issuance of public documents or giving an opinion. I am afraid that the expression of an opinion would be wrongly construed.

Mr. FINLEY. I understand that there is a very high authority for the statement that there is not.

I note on page 18 of your report the number of pounds given of second-class matter, mailed at 1 cent a pound, as 618,664,754 pounds; and that this amount of mail created a revenue of \$6,186,647.54; and also that this included an increase of 48,944,935 pounds. Now, I would like to ask you if, in the matter of carriage of mails on the railroads, the Government pays at the rate of 8 cents a pound. That is correct, is it not?

Mr. MADDEN. I don't know so; I could not answer that. I do not know what the railway rate is.

Mr. FINLEY. That is the generally accepted figure, is it not?

Mr. MADDEN. I don't know. I think the Second Assistant Postmaster-General could answer that question, because he is the man who handles the railway mail pay.

Mr. FINLEY. Well, I have always understood, in a general way, that it was estimated on the basis of 8 cents a pound.

Mr. MADDEN. I do not know.

Mr. FINLEY. Assuming that the cost to the Government of handling mail matter, including second-class matter, is 8 cents a pound, then this increase of 48,944,935 pounds, which pays the pound rate, would occasion a loss of revenue to the Government of \$3,747,195.05.

Mr. MADDEN. If your figures are correct.

Mr. FINLEY. Then on the whole number of pounds, 618,664,754 pounds, the loss to the Government would be \$43,306,532, would it not, estimated upon the basis of 8 cents a pound? That would be a loss of 7 cents per pound.

Mr. MADDEN. If you have figured correctly, that would seem to be the amount.

Mr. FINLEY. Is there any way under existing law by which second-class matter—I refer specially to some of the great daily newspapers which go out once a week, and weigh practically a pound, sometimes more—by which there can be a reform in securing the Government from loss to the extent that it now loses in carrying this

mail at 1 cent a pound. I am referring to the daily newspapers, the Sunday papers with their supplements.

Mr. MADDEN. You refer to a desire under existing law to reform them so as to protect the Government from the loss which you have just figured out?

Mr. FINLEY. Yes. Is it true that the issues of many of those papers, the Sunday issues, especially, outweigh the issues of the paper for the other six days of the week?

Mr. MADDEN. I have never weighed them to see, but I should think from casual observation that they may; but I can not say positively.

Mr. FINLEY. Could you by rules and regulations require newspapers to issue anything like uniform editions?

Mr. MADDEN. Mr. Finley, that is a very important question. In the development of a newspaper business, and the sharp competition, publishers have been meeting one another with improvements and developments to the extent that it may now seem to many that so-called parts of newspapers are not really parts. They have varied them in form to such an extent that books in form and make-up have been called sections of newspapers, supplements to newspapers; and the different forms that the various so-called sections of newspapers have assumed are manifold. Some time ago—the exact date I can not recall, but I think it was on June 18 last—the Third Assistant Postmaster-General in an order to postmasters required that the publishers of newspapers be notified that alleged supplements, which were not such in fact, would after a certain date not be accepted as within the law.

The reform took effect on the 1st day of September, and so far as we know there have been few cases where illegitimate supplements have been mailed. Some publishers, however, were not seriously embarrassed by this reform, because they immediately adopted the device of calling these very same things, which formerly were sent as supplements, sections, so that we have now a New York newspaper issued, say, in five sections, and section No. 5 is a sheet of music. We have a large eastern paper issued in four or five sections, and, say, section No. 5, is a calendar to hang on the wall. The whole question as to whether a publisher must confine himself to the form in the make-up of his paper has been submitted to the Attorney-General, and the Department is awaiting his ruling as to how far a publisher may go in varying the form of his newspaper. We have corrected the abuse as to supplements, and we await the Attorney-General's opinion before we proceed further. The Department holds it to be the publisher's privilege to mail only his newspaper at the second-class rate. When he desires to mail a calendar or a picture or a book he must pay the same rate as anybody else, and may not by the device of calling it a section of his newspaper evade the lawful rate of postage. But, as I say, we are not settled as to that point.

Mr. FINLEY. When a newspaper in its Sunday edition weighs as much or more than the edition for six days in the week together, then has the Department any authority to correct that? We all know that the more of this second-class matter carried in the mails the greater the bulk of it and the greater the loss to the Government.

Mr. MADDEN. The Department has no authority under existing law to regulate the number of pages that shall appear in any issue of a newspaper.

Mr. FINLEY. Then they are without power to require uniformity or anything approaching uniformity in the editions of a paper?

Mr. MADDEN. As they appear from day to day, as to the number of pages, and so forth, absolutely none.

Mr. FINLEY. Do you think that if the penalty envelope was taken away from the Department that the amount of mail sent out by the Department would be increased or decreased?

Mr. MADDEN. In my opinion, decreased. They would then send freight as freight, not as mail matter.

Mr. FINLEY. Can you give any estimate as to the amount of decrease, in your opinion?

Mr. MADDEN. I could not.

Mr. FINLEY. It would be very large, however?

Mr. MADDEN. I think so.

Mr. FINLEY. Now, in the event the franking privilege was taken away from members of Congress and an allowance made for them to take the place of it, would your answer be about the same as you made with regard to the departmental service?

Mr. MADDEN. Not quite. I don't think that members of Congress, to any extent, send freight as mail matter, but some Departments have done so. The effect of taking away the franking privilege from members of Congress would be small as compared to that of the penalty privilege from the Departments. The Postmaster-General's report states the position of the Post-Office Department accurately as to that; and it is impossible to say how much is under frank and how much under penalty. It is all called Government free matter. We have a penalty envelope, for instance, on a billiard table.

The CHAIRMAN. So long as it is delivered to the mails by the Department having the privilege of free matter. I should think that you would need to complete that answer by saying, "provided it is put in the mail."

Mr. MADDEN. Provided, of course, it is actually mailed by a Government officer entitled to the penalty privilege.

Mr. STAFFORD. And for Government purposes?

Mr. MADDEN. Yes; for Government purposes.

Mr. FINLEY. Do you mean to say that sometimes penalty envelopes are put on billiard tables, and that they are transported through the mails?

Mr. MADDEN. Yes, sir; we have such a case up now.

The CHAIRMAN. As part of the effects of a Government official?

Mr. MADDEN. Yes, sir.

Mr. SNAPP. I would like to have that explained.

Mr. MADDEN. I can not tell you. I have not the actual facts before me; but there is now a case of some Government officer having dispatched from one point to another, I think in sections, a billiard table; and I think it is for use where it is legitimate. It is Government property, I understand, and for the legitimate use of the Government—I mean by that it is authorized.

Mr. GARDNER. Was it taken apart and packed in a box?

Mr. MADDEN. I can not recall that; it is in the record, I think.

The CHAIRMAN. You mean that he is sending it for use—that is, it is entirely official and falling within the purview of the transfer of Government property?

Mr. MADDEN. Yes.

The CHAIRMAN. It is not a slight upon his act; it is a transfer of Government property which is really not mailable matter, but falling under the authority of the privilege of the Department, the so-called penalty privilege?

Mr. MADDEN. That is correct.

Mr. SNAPP. Will you state an instance where a billiard table is an adjunct of any Department of the Government.

Mr. MADDEN. No; but I have an idea.

The CHAIRMAN. In the Army are they not a part of the equipment of an officer's headquarters, amusement rooms at army headquarters? I rather think that they are recognized as a part of their plan of recreation.

Mr. SNAPP. That would probably be the only Department.

Mr. MADDEN. I think that is the Department, and I think they had been changing quarters and sent the table by mail.

Mr. FINLEY. What other kinds of furniture which ought to go by freight, to your knowledge, have been shipped by mail?

Mr. MADDEN. The Post-Office Department itself has shipped trucks and canceling machines.

The CHAIRMAN. For use in post-offices?

Mr. MADDEN. Yes, sir.

Mr. FINLEY. They would weigh possibly 500 to 1,000 pounds, would they not?

Mr. MADDEN. I should think they weigh about 250 pounds, but maybe more.

Mr. GARDNER. Would such a shipment cost the Government any money, excepting it was shipped during the weighing period?

Mr. MADDEN. No.

Mr. GARDNER. The transportation of trucks or even billiard tables would not cost the Government any money unless they were shipped during the weighing period?

Mr. MADDEN. No.

Mr. GARDNER. It would then cost the Government something during the entire succeeding period that the mails were hauled on the railroads?

Mr. MADDEN. Yes; if weighed as part of the mail matter.

Mr. GARDNER. And run through four years of time?

Mr. MADDEN. I think so.

Mr. FINLEY. There is a weighing period in some section or portion of the United States every year?

Mr. MADDEN. I believe there is, but on that question I think you should go to the Second Assistant.

Mr. FINLEY. That is a matter of law. Now, as you have mentioned this billiard table and the Post-Office Department sending matter like trucks and furniture through the mails, can you name other instances by other Departments of the Government?

Mr. MADDEN. Well, the Post-Office Department has in the past carried carpets for the Treasury Department. I am not able to state a case, but I was informed that furniture equipment for post-offices from the Treasury Department went under penalty labels.

Mr. GARDNER. That might be extravagance, and it might be economy, might it not, in this, that if the mail between here and Atlantic City, say, had already been weighed up, and a contract entered into for four years, and a new post-office at Atlantic City is receiving

its furniture, if the Government sends that on by freight, it will have to pay for it, will it not?

Mr. MADDEN. Yes.

Mr. GARDNER. So that if the Government sends it by mail the transportation actually costs the Government nothing?

Mr. MADDEN. That is it.

Mr. GARDNER. Is it not, then, a practice of economy on the part of the Department, although it might be an imposition upon the common carrier, to send that furniture by mail instead of by freight?

Mr. MADDEN. Your question is aimed at a different phase of the subject from what I am endeavoring to answer.

Mr. GARDNER. I only want to bring out the point as to whether or not it is true that the sending of these things by mail instead of being a matter of departmental extravagance is a matter of economy, and if they may not be properly incited to it by a desire for saving.

Mr. MADDEN. I think you are right, and that it is intended as a matter of economy. The point of view from which I was considering it, and upon which I think Mr. Finley's questions appear, was the effect upon the revenues of the Post-Office Department in carrying that matter free.

Mr. GARDNER. Is it not true, also, that when once the practice of carrying safes and billiard tables and carpets and post-office furniture generally through the mail is established by the various Departments of the Government, that probably it will be carried through such a time as will embrace a weighing period?

Mr. MADDEN. Well, I presume that if the Department should establish the practice that it would continue without any limit, whether the weighing was going on or not. I do not suppose they would be advised as to that, but might be.

Mr. STAFFORD. Do you know whether the Department makes a practice of sending merchandise that should go by freight through the mails during the weighing period and cause an imposition upon the railroads by sending mail after the weighing period is over, or whether it is the practice to send these articles of merchandise during the entire year?

Mr. MADDEN. I know nothing at all upon that subject.

Mr. GARDNER. To revert to what you say is the point of the question, the effect of sending the matter alluded to by mail instead of by freight, how does the sending of departmental furniture affect the revenues of the Department, if we assume that if it did not go by mail it would go by freight?

Mr. MADDEN. The questions originally were as to the probable effect upon the postal revenues if the various Departments were required to pay postage as the public pays it upon its mail matter. Now, if it were permissible under the law to carry the freight that we have been speaking of as mail matter, that is one question. I know of no reason why the Post-Office Department should not carry safes, carpets, or anything else if it is designed to perform that service.

Mr. STAFFORD. But the point I am after now is its effect upon the postal revenues, assuming that if it did not go by mail it would go by freight?

Mr. MADDEN. The effect upon the postal revenues is the matter that I was getting at. If the Post-Office Department is to be paid

for the service performed—that was the point of view; not the question as to the propriety of sending these things by mail, or as to whether that is to be the settled policy. But the question as to whether it will receive a revenue which will show a true relation of the Post-Office Department to the public and other Departments in general.

Mr. FINLEY. Assuming that it costs the Government from first to last about 8 cents a pound for handling this class of mail, then it follows that if the pound-rate privilege is extended, or if the Government handles more second-class matter, the greater the Government loss is on every pound, which I have assumed to be 7 cents.

Mr. MADDEN. That is correct.

Mr. SNAPP. You are looking at this matter, are you not, entirely from the standpoint of bookkeeping and not from the standpoint of ultimate saving to the Government?

Mr. MADDEN. I am looking at it from both standpoints; from the standpoint of a desire to put businesslike methods in the Post-Office Department, to put it upon a proper basis, and at the same time effect such economies as would result in their sending freight as freight and not as mail matter.

Mr. SNAPP. In the first instance, you are looking at it, are you not, from the standpoint of bookkeeping, which will show the revenues of the Post-Office Department as equal to its expenditures?

Mr. MADDEN. That is one phase of it; yes. That the Post-Office Department shall get credit for the service it performs.

Mr. SNAPP. Which will not affect in any way, if I understand you right, the actual cost to the Government?

Mr. MADDEN. I think it would affect the actual cost to the Government in this, that if the various Departments paid postage as the public pays it, it would then be too expensive a thing to send freight by mail, and it would take its course as freight.

Mr. SNAPP. Under the present policy of the Department in sending this matter by mail, if they were required to pay postage as individuals pay it, the only effect upon the revenues or appropriations of the Government would be the transfer of accounts from the Post-Office Department to each separate Department of the Government.

Mr. MADDEN. That would be one of the effects. I am assuming that if the service performed by the Post-Office Department or the other Departments of the Government were paid for in the regular way, that the other Departments of the Government having freight to send, such as has been mentioned here, would find as a matter of good business policy the cheapest way to send it. It being sent now as mail matter naturally affects the weighing of the mails whenever it happens to pass through while the weighing is going on, and the ultimate result of requiring postage to be paid on the mail matter from the Department would, so far as that matter is concerned, be economy to the Government.

Mr. SNAPP. Then, I understand that your recommendation is based upon an opinion that strictly freight matter ought to be sent by freight?

Mr. MADDEN. That is what I think; but the recommendation does not rest upon that alone.

Mr. SNAPP. Then you would also recommend that the present law providing for the shipment by mail of fourth-class matter should be repealed and that privilege abolished?

Mr. MADDEN. No, sir.

Mr. SNAPP. Why not; what is the difference in principle?

Mr. MADDEN. This difference, because the packages that can be handled are small.

Mr. SNAPP. Can they be said to be anything but freight under any theory that you can think of?

Mr. MADDEN. Everything you carry in packages by mail is more or less freight.

Mr. SNAPP. Don't you think there is a distinction between first-class mail and package mail?

Mr. MADDEN. Yes, sir; but everything else is more or less freight.

Mr. SNAPP. Then, if that is true, you would be in favor of applying that rule to freight that is carried as fourth-class mail?

Mr. MADDEN. No, sir; I am not in favor of that.

Mr. SNAPP. Why not, if you are in favor of sending such packages by freight?

Mr. MADDEN. Because I am in favor of rendering the greatest possible service to the public, for the carrying of small packages in the mails has been a part of the public post-office service for years. I would not like to see a backward step taken by cutting it off so long as the packages are mailed in such sizes as can be handled by the Department and be of proper weight.

Mr. SNAPP. If that is true, that you do not believe in making any changes from present conditions, why do you suggest this change from the practice of carrying the freight of the Government that has been mentioned?

Mr. MADDEN. Because in the one case we are receiving a revenue and in the other case we are getting nothing.

Mr. SNAPP. Then is it not just, as I suggested a moment ago; a mere matter of bookkeeping, by which you seek to bring about these changes in order to show that the Post-Office Department itself is not carrying mail at a loss, but is self-sustaining?

Mr. MADDEN. That is one phase.

Mr. SNAPP. Without changing in any way the real effect so far as the expense to the Government is concerned?

Mr. MADDEN. I can not assent that that was my answer, and I think that a reading of my answer will show that that was not what I said. I said that bookkeeping was one phase, that that would show the relation of the Post-Office Department to the other Departments and to the public, and that the ultimate result would be an economy, in that the Department would send freight as freight and not send freight as mail matter.

Mr. GARDNER. The natural inducement under the present law is for officials to use the penalty envelopment, especially the army and navy officer, is it not, for this reason, an army officer is changing his headquarters, transferring the furniture and papers by mail; he has no account to keep, he simply attaches the penalty envelope and that is all there is of it?

Mr. MADDEN. I think that is so.

Mr. GARDNER. If he had to ship it by freight, somebody would have to pay the charges and it would enter into the accounts of the Government, and an allowance would have to be made for that purpose?

Mr. MADDEN. Yes, sir.

Mr. GARDNER. So that the simple method, one that involves no difficulty about accounts or vouchers whatever, is to mail it?

Mr. MADDEN. Yes, sir.

Mr. GARDNER. Hence that is a strong inducement to have it that way?

Mr. MADDEN. I should say so.

Mr. SNAPP. If the penalty privilege were abolished and the different Departments of the Government were required to stamp their packages and envelopes as individuals are, would that not create an additional expense in all those Departments?

Mr. MADDEN. I assume that they would have to keep an account, and be accountable for the money appropriated for postal service; and I think it would have a salutary effect, as they would be required to properly spend it, and that they could not expend money appropriated for postage purpose for freight purposes.

Mr. STAFFORD. Would the cost to the Department in requiring postage to be affixed to mailable matter result in a great expense?

Mr. MADDEN. I should say not.

Mr. STAFFORD. It would be nothing more than a service that is performed by other business establishments in the dispatch of their mail or express matter or freight matter, and in keeping account of the expenditure?

Mr. MADDEN. Yes, sir.

Mr. STAFFORD. Would you recommend, in connection with this feature of having the Department affix postage stamps to mailable matter, that the same rate should be applied to them in the dispatch of mailable matter as applies to individual patrons of post-offices; and that they should be limited in weight to that provided by law for the respective classes?

Mr. MADDEN. I should say that the rates of postage should apply as they apply to the public; that it would be better that way. But I am not prepared to say that the limits of weight should apply to the Government absolutely; but there ought to be a maximum which they should not exceed, so that there could be no question when the matter became too great to be mailed.

Mr. STAFFORD. Have you ever given any thought to the question whether the Government, outside of members of Congress, the Department officials, should pay the cost of postage on publications that are sent on application, or whether the cost should be borne by the persons who request the publications?

Mr. MADDEN. I have not given any thought to that, but my first impression is very favorable.

Mr. STAFFORD. My attention was called within two weeks to the depositing of large quantities of printed matter into a Government screen wagon of the larger size in front of the Treasury Department, being packages for distribution to internal-revenue collectors throughout the country, and having a penalty slip attached to them, which, as I believe, was for dispatch at the time the mails were being weighed in a certain section of the country. Do you know whether it is the practice, so far as the Treasury Department is concerned, in causing their circulars or forms for use by their officials throughout the country, to be sent by mail?

Mr. MADDEN. I can not answer that question. I haven't any definite information.

Mr. STAFFORD. I might say in this particular that, in my opinion, each one of these packages did not contain any valuable matter, but was merely made up of printed forms, which a business house would have dispatched by freight. Is there not a difference of marked degree when the Government handles small packages of third and fourth class matter, and what is generally considered as freight, in that the Government handles it as it has been handled by individual carriers for many years as a convenience to individual patrons of the country, who have not the advantage of separate express deliveries, and where it results in a great convenience to the public generally: whereas in the matter of freight or large packages of merchandise, the distribution of those at the point of consignment is either undertaken by the separate business establishments or by draymen who are assigned to that special line of work?

Mr. MADDEN. I think so; yes, sir.

Mr. STAFFORD. And that the carriage of those small packages is necessarily the adjunct of a successful postal system?

Mr. MADDEN. You are quite right.

Mr. STAFFORD. Have you any data in the Department whereby you can inform yourself at what period of the year these articles that were dispatched by the Treasury Department for use in the respective post-offices and Government buildings—safes and other merchandise that you have mentioned—were sent?

Mr. MADDEN. We have not; but it should be understood that the agitation of this subject later has resulted, in my opinion, in a great lessening in the sending of freight by mail. The safes, the carpets, and the trucks previously mentioned are things of long ago; and while there may have been recent cases, they have not been brought to my attention, excepting in the one case of the billiard table, which is now current.

Mr. STAFFORD. As the Department is at the present time equipped for the handling of first, second, third, and fourth class matter, has it the conveniences in the R. P. O. cars or at the stations and at the points of delivery for the handling of large articles of merchandise which would not be included under the above-designated class as mailable matter?

Mr. MADDEN. It has not at the post-offices.

Mr. STAFFORD. Would not the handling of these articles, which are properly included in the designation of freight, result in an increased cost in the method of handling at the point of distribution by reason of the contractors for the screen-wagon service raising their rates?

Mr. MADDEN. I do not know what effect that would have, but if I understand it correctly, in attempting to deliver them as mail matter when they have once passed through the mail, by force of necessity they would have to be delivered as freight. Is that what you mean?

Mr. STAFFORD. I call your attention to that section of your report as found on page 21, which is given the subtitle of "Confusion of postage rates," and in which you refer to order No. 875, and recommend that this order be modified. Will you kindly state what that order is and what are the conditions attending that practice?

Mr. MADDEN. The postal laws established no less than seven different rates of postage for second-class matter. The law was passed in 1879. Later the rural free-delivery service was established, and the

establishment of that service was construed as not affecting the postage rates then existing. Prior to the establishment of the rural free-delivery service there was a free postage rate to subscribers for publications printed and published in the county. Upon the establishment of the rural free-delivery service the Postmaster-General issued order No. 875, the effect of which is that the rates of postage are not modified or changed by reason of the establishment of that service. That meant that publications carried through the mails from one post-office to another and delivered on call of the addressee are, if now taken from the office of mailing by carrier to the residence of the addressee, still subject to no postage charge. That is what the paragraph referred to, as calling the attention of the Postmaster-General to the fact that the order—which is that the carrier service is now given free by reason of the construction of that order, whereas the law apparently, and according to my construction, contemplated only the carriage between post-office and post-office, and not a carrier service—should be revoked.

The result of order 875 is that postmasters throughout the country construed it in different ways—some one way and some another. So I have placed the matter in the hands of the Postmaster-General for consideration of the whole subject.

Mr. STAFFORD. You say that the law has been construed that the establishment of rural routes did not inhibit the distribution of mail free in the county of publication. By whom was that law construed, and when?

Mr. MADDEN. The best answer I can give you to that is that the Postmaster-General signed the order.

Mr. STAFFORD. Has it ever been construed by the law officer of the Department?

Mr. MADDEN. I believe it has.

Mr. STAFFORD. Do you know what construction the law officer has placed upon that practice?

Mr. MADDEN. The construction was not addressed to me, but to the Postmaster-General, and hence I am unable to tell you exactly what his construction was.

Mr. STAFFORD. Have you ever considered the extent that the rate of 1 cent a pound for the carriage of second-class mail would compensate the Government if the distance carried was taken into consideration?

Mr. MADDEN. Never.

Mr. STAFFORD. Can you give any estimate whether the 1-cent-a-pound rate is compensatory for any distance whatsoever?

Mr. MADDEN. I have not considered it far enough to give you an intelligent reply.

Mr. STAFFORD. Have you ever considered the feasibility of applying the zone system to the carriage of mailable matter other than first class, and particularly as it pertains to second-class matter?

Mr. MADDEN. I have never given it a consideration that would warrant me in expressing here an opinion that would be of any value to you, excepting to say in a casual way that I do not believe it would be practicable in our postal service.

Mr. STAFFORD. Can you suggest any reasons that incline your mind to the opinion?

Mr. MADDEN. Yes; the constant necessity of postmasters of observ-

ing the addresses to see that it is within the limits of the zone, and being careful not to dispatch a piece of matter addressed outside of that unless the increased rate is paid.

Mr. STAFFORD. Are not the clerks at present required to pass upon the weight of matter mailed to see whether adequate postage is affixed?

Mr. MADDEN. Yes, sir.

Mr. STAFFORD. Are not the clerks acquainted with the places to which the mail is to be dispatched, both in the post-offices and on the railway mail cars?

Mr. MADDEN. To this extent, that a clerk taking up a piece of mail matter and noticing that it was addressed, say, to Montana—some place there—he would not think more of it than to put it on the route leading to Montana. That would be the end of his care in regard to that piece of mail.

Mr. STAFFORD. Wherein would it be an undue hardship upon a publisher to require him to separate the mail in zone systems, and have the pay made accordingly, and when the clerk passed upon it to see that that mail in that class had the required postage paid for mailing in that particular zone system?

Mr. MADDEN. That means, if it means anything, that the publishers' preparation of the mail for receipt at the post-offices is to be accepted as conclusive, and that they would not violate the zone limit. And if a publisher can be depended upon at all times to put nothing in for one zone that really goes beyond the limits of that zone, perhaps it would be practicable; but if we have to observe the mailing, and discover whether any of it is destined for another zone, then we must examine all of it. That is why I think it is impracticable and undesirable.

Mr. STAFFORD. The newspapers that would be so bundled would be matters of frequent occurrence at regular intervals, so that it would not require examination on every occasion to see whether the individual packages had the required postage prepaid for mailing.

Mr. MADDEN. I should think that the zone system could be operated, if at all, better with regard to newspapers than with regard to periodicals. But if we are to charge a rate of postage dependent upon the distance to be carried, and bundles made up of a number of pieces are to be deposited in the post-offices, it is incumbent upon the postmasters to discover whether any of the pieces in the bundles are addressed beyond the zone to which the bundle itself is paid.

Mr. STAFFORD. And having his attention called to it, there would be a regulation which would require the publisher to pay the excess postage which he had not paid, and which is done to-day as far as letter postage is concerned.

Mr. MADDEN. Yes; that is true.

Mr. STAFFORD. Wherein would the zone system be applicable better to newspapers than to periodicals?

Mr. MADDEN. Because the average newspaper is stale and out of date after it has traveled a certain distance from the point of publication, whereas a periodical issued once or twice a month is appreciated after it has been carried across the continent, and it is of a different character from a newspaper. In other words, newspapers are more ephemeral, and the zone system might operate better with them because they could then say that they would not circulate be-

yond a certain zone, as it might not be worth while to extend their circulation beyond that zone.

Mr. STAFFORD. Some newspapers are dispatched great distances to regular subscribers.

Mr. MADDEN. Oh, yes.

Mr. STAFFORD. Those subscribers take those papers because of some particular interest in the special publication rather than for receiving every day news usually published by newspapers much nearer to the point of distribution.

Mr. MADDEN. But the percentage of subscribers for any newspapers sold because of interest in some special line—for instance, the editorials—would be so small in comparison with the whole circulation as to be scarcely worth mentioning.

Mr. STAFFORD. There are some newspapers distributed at great distances. I have been giving a little thought to this, and I would like to ask your opinion whether a charge of a cent a pound for a zone within 100 miles of the point of publication, 2 cents within a zone of 150 miles from the point of publication, 3 cents a pound for dispatch from 250 to 400 miles from point of publication, and increasing correspondingly as the distance increased, would not result in an increase in the revenue and cause the charge to be laid upon the subscriber in these successive zones over the 100-mile limit?

Mr. MADDEN. Yes; it would revolutionize the publication business, because they would have to have subscription rates applicable to each zone; and it would revolutionize to a large extent the treatment of matter in the post-offices, because it would of necessity have to be made up for the zones, and theoretically, at least, we would be required to inspect the bundles of the publishers to discover whether there was anything going beyond the zone for which the postage had been paid. If any of you gentlemen have been on the floor of a busy post-office, like that in the city of Washington, when mail matter is being dumped in, you could get some idea of the amount of work involved in making those separations.

Mr. GARDNER. I want to ask a question in regard to a special instance. Take the New York Herald, the foremost paper perhaps in the world in the gathering of shipping news. It has tugs out at sea and large and expensive methods of securing this news. I think it is true that everybody interested in shipping on the Atlantic coast looks to the Herald for the reports of shipping and vessels at sea. If we had a zone system applied to that paper, as an instance, it would result in the raising of the subscription price at a given distance south of New York, would it not?

Mr. MADDEN. Yes, sir; and it would also result in the necessity for the Post-Office Department fixing zones for every little post-office in the country, and it would result also in our having to advise postmasters accurately as to the cost of sending publications into the different zones, because we could scarcely depend upon the postmasters to measure accurately the distance carried.

Mr. STAFFORD. But there could readily be maps and charts published with circles fixing the respective distances, so that the postmasters could readily see whether a certain place was within a respective concentric circle or zone.

Mr. MADDEN. Excepting, of course, that there would always be dispute as to whether they fell within those lines or without them.

Mr. STAFFORD. As to those disputes, you could readily regulate that, because that is a little matter. It would not be over 10 to 25 miles.

Mr. MADDEN. If you had had practical experience in administration, you would find that the publisher would take advantage of the 10 to 25 miles every time.

Mr. STAFFORD. It would relieve the postmasters from doubt rather than confer a benefit upon the publisher.

Mr. MADDEN. You say that a map might be arranged with circles to show the postmasters the limits of the zones. Of course it is not one zone for that post-office, but many. I imagine that it would take three or four or five for every post-office, and as this mail is mailed at 10,000 post-offices, you can guess as to what a map of the United States under those conditions would look like.

Mr. STAFFORD. The map of the United States, so far as each respective post-office is concerned, would be formed of four or five concentric circles; and it would not be necessary that a map should be printed for each post-office, but there could be a general map with circles drawn on it for general use.

Mr. MADDEN. That could be done; yes. I think a better plan would be instead of drawing circles to arrange that all newspapers, say, in the city of New York, could be carried to certain States at certain rates, and so on.

Mr. STAFFORD. That law, applicable to so many post-offices, would require about a thousand pages, would it not, to meet all the varying conditions?

Mr. MADDEN. Perhaps so.

Mr. STAFFORD. It would not require any more pages if we should set forth the rates which the mailable matter should be paid for in certain zones of prescribed size.

Mr. MADDEN. The zone system, I must say, has not favorably impressed me so far; yet I might be convinced that it is the solution of the problem in a degree.

Mr. STAFFORD. As to the carriage of periodicals, which you have referred to, I am informed that there are in certain cities great masses of periodicals sent for dispatch, amounting to carloads, some of these consignments coming from New York, some from Augusta, Me., and going to points as far away as Texas or California. Do you think that it would be feasible to have two different rates for that dispatch of periodicals, as we have two rates for the dispatch of periodicals and newspapers when distributed in the city of publication? There would be one rate, at the present or higher rate, for a small zone, then, at the rate of 2 cents a pound for distribution within 150 miles, and a rate of 5 cents a pound for distribution beyond that prescribed zone, in order to compel these large publishing houses, when they have immense quantities of magazines for distribution in the interior, far removed from point of publication—to cause them to dispense their magazines by freight under their own charge, and then to have some person at the point within the 150 or 200 mile zone to dispatch it there in that post at the minimum rate for distribution; otherwise the higher rate of 5 cents a pound would apply. So that we give to the publisher the alternative either to send the magazines by mail for the distance beyond the 200-mile zone at 5 cents a pound, or give him the option of sending it by freight, and then avail himself of the minimum rate for distribution in that immediate vicinity, that being merely two rates to be applied so far as periodicals are concerned.

Mr. MADDEN. Do you ask my opinion on that?

Mr. STAFFORD. Yes.

Mr. MADDEN. A little while ago I said that I had been in the postal service fourteen years, and I have known that the postal laws affecting rates were a veritable patchwork, and I can give you an opinion against putting any more patchwork on. I believe that the tendency should be toward a simplification of the rates, and not toward putting on any more rates. I think that is the fault with the postal service to-day. We have the rate of third class upon seeds, bulbs, cuttings, plants, and so forth. Now, the question is about determining what is a seed. Some person may put chestnuts in the mail and say they are seeds. How can we know whether they are for seed purposes or not? That is a question which must be determined. Our service should be simplified; that is my opinion.

Mr. STAFFORD. This question merely involves the consideration of the feasibility of the zone system as applied to periodicals or such other matter as Congress might see fit to have it apply to, in that there would be two zones created which would seek to force the large publishing houses who are sending their large bulk mail when it is to their advantage to send it by mail rather than by express to far distances by freight rather than by mail.

Mr. MADDEN. It would be necessary in order to accomplish that to change the law, which limits the publisher's privilege to the office of publication. For illustration, no one of the daily newspapers of Washington can be mailed at any other post-office than the Washington post-office or by another person than the publisher thereof at the second-class rate. The Washington Post, if carried to Baltimore and dispatched in the mail, is subject to 4 cents a pound, whether by the publisher or anybody else, and it would be necessary to change the law in that respect to allow the publisher to mail in any office that he saw fit, or where he could to his best advantage maintain an agency to handle his business.

Mr. STAFFORD. My question does not refer to newspapers, but only to periodicals.

Mr. MADDEN. The same thing applies to periodicals.

Mr. STAFFORD. That would not be a very difficult matter to change if we thought that economy would result in forcing the periodical publishing houses to resort to fast-freight transportation for a portion of the distance, especially for these long hauls in which they get the decided advantage of the Government to-day at the low rate of 1 cent a pound.

Mr. MADDEN. I have not studied the zone proposition sufficiently to give you what would be a good opinion.

Mr. GARDNER. Supposing there was a simple provision of law that no magazine at a given rate should be carried by the Department a greater distance than 150 miles from the office of publication, how would that result in establishing a zone of that kind?

Mr. MADDEN. There are 30,000 publications.

Mr. GARDNER. I was referring to magazines.

Mr. MADDEN. Newspapers and magazines.

Mr. GARDNER. I am not talking about newspapers.

Mr. MADDEN. Well, the latest proposition is to have magazines in almost every small county in the country. There is an establishment in St. Louis that is producing magazines by the hundred.

Mr. GARDNER. That is the matter of patent insides.

Mr. MADDEN. Yes; they are being adopted locally by all publishers of newspapers. How many there are now I can not say. And you can not anticipate that the making of periodicals would be confined to very few offices. You must understand that all the offices where mail matter may be accepted will sooner or later be made offices for mailing magazines.

Mr. GARDNER. Would you have any difficulty in administering a simple provision of law providing for the carriage by mail of magazines at a given rate a distance of 150 miles from the place where printed?

Mr. MADDEN. There would be a difficulty about that in this, that somebody would have to measure that 150 miles all the time and keep the publisher informed. He would have to mail his papers accordingly and arrange his rates accordingly, and the postmaster would be required to see when he dispatched mail at a certain rate as applied to a particular zone that the bundles did not contain any matter addressed beyond that zone. The ideal service is a flat rate upon printed matter, no questions asked except, Is it printed matter? no questions as to distance.

Mr. GARDNER. We will not go into that too far, but the fact is that the flat rate is as unideal, as far removed from the ideal, as anything possible in the broad sense. Nobody has ever believed that he could expound the equities of the postage stamp. There is not the first principle of common equity in my paying 2 cents for a stamp to send a letter over to Baltimore, and Mr. Overstreet here paying 2 cents for a postage stamp to send a letter to San Francisco. There is not the first principle of equity in a flat postage rate, so its entire merit must rest on its simplicity.

Mr. MADDEN. And in practicability. That is what exists, as to the matter you spoke of. You don't regulate the postage rates as to the distance carried.

Mr. GARDNER. Taking that for a basis, when it comes to matters so bulky as the monthly issue of a great magazine, it is quite possible that the equities grow so large that they overbalance the importance of simplicity and practicability, and at least lead us to the most serious consideration of a step away from simplicity toward the principles of equity to the Government and the general taxpayer.

Mr. STAFFORD. Isn't your objection that it would be difficult to ascertain whether the magazines would be within the prescribed zone overcome partly by the method which is being rapidly carried into effect by the Second Assistant Postmaster-General in having the publishing houses classify their mail before it is dispatched to the post-offices, so that the bags contain only mail for dispatch to respective localities?

Mr. MADDEN. Yes.

Mr. STAFFORD. Isn't it a fact that as these magazines are now prepared for dispatch in the mails, they are made up in bags which are confined to separate localities?

Mr. MADDEN. Oh, yes; to a great extent.

Mr. STAFFORD. Is there any inspection of second-class publications as to whether the publication is one granted the second-class privilege, to ascertain whether it conforms to the requirements that you lay down by your Department to entitle it to that rate?

Mr. MADDEN. To the extent that inspection to the limit of the ability of our machinery, and that is as to the thing itself and not as to its address.

Mr. STAFFORD. Will you explain the latter part of your answer—as to the address?

Mr. MADDEN. For instance, if the Post-Office Department grants to Munsey's Magazine the second-class mailing privilege, and a bundle of mail matter is dispatched in the post-office alleged to be Munsey's Magazines, and we find upon investigation that it is nothing but the annual report, say, of the Third Assistant Postmaster General labeled Munsey's Magazine, we must find out whether it is Munsey's Magazine or not. That is part of the duty of the postmaster, to discover whether he is receiving, as a matter of fact, Munsey's Magazine or something else, or whether there is not something else included with it that should not be inclosed and which may require a higher rate. So that to that extent, theoretically at least, there is an inspection, not only in the office where the matter is received, but en route and at the office of delivery, in order that we may be sure that the Government loses nothing by illegal inclosures and that the matter has not changed character.

Mr. STAFFORD. What is the provision of law under which the Department mails merchandise under the penalty contract?

Mr. MADDEN. The general provision that they must send matter relating exclusively to the business of the Government.

Mr. STAFFORD. Do you know what provision of law that is?

Mr. MADDEN. Section 512 of the Postal Laws and Regulations, which is as follows:

It shall be lawful (for all officers of the United States Government, not including members of Congress, and the Smithsonian Institution, the National Home for Disabled Volunteer Soldiers, and the Bureau of American Republics, established in Washington) to transmit through the mail, free of postage, any letters, packages, or other matters relating exclusively to the business of the Government of the United States (or of such Institution, Home, or Bureau): *Provided*, That every such letter or package to entitle it to pass free shall bear over the words "Official business" an indorsement showing also the name of the Department, and, if from a bureau or office or officer, the names of the Department and bureau or office or officer, as the case may be, whence transmitted (with a statement of the penalty for their misuse). And if any person shall make use of any such official envelope to avoid the payment of postage on his private letter, package, or other matter in the mail, the person so offending shall be deemed guilty of a misdemeanor and subject to a fine of \$300. to be prosecuted in any court of competent jurisdiction.

Mr. GARDNER. To revert to that matter of finding out what is practical. I understood that to relate to the idea of fixing a rate on printed matter, simply a flat rate.

Mr. MADDEN. It related to all mail matter not under seal.

Mr. GARDNER. How would any change of rate, any simplification or classification affect that? For instance, a party takes to a post-office a bundle of Munsey's magazines which contains silk, which would be sent through the mail at another rate of postage. Would it not still be equally incumbent upon the postmaster to examine that?

Mr. MADDEN. Yes, sir.

Mr. GARDNER. To find if the silk was not concealed. So that the simplification of classification as to the rate, however great, so long as there is a rate for printed matter lower than for merchandise, would in no wise affect the duties of the postmasters or lessen the labors of the Department in ascertaining what was in the package.

Mr. MADDEN. You are quite wrong on that, although in a measure correct. The postmasters investigate. The inspection of matter covers a great many things. It covers not only possible illegal enclosures, but it covers all of the questions that enter into the final determination as to whether the matter is second class at all or not. There are some ten questions to be determined before the rate is granted to the publisher. A publication meeting all of the requirements of the law and regulations might be admitted as second-class matter to-day, and before a month old its character might be changed so that it would not be admissible. It is the duty of the postmaster to know whether in the matter of sending it it is going to subscribers, whether it is going as sample copies, whether excess numbers are being distributed, whether it has a subscription price or whether it is distributed free, whether it has information of a public character or devoted to literature, and whether it is designed primarily for advertising purposes. All of those things have to be considered. When it is suspicioned that a publication, once admitted, has changed its character, then it is the postmaster's business to send it to the Department that it may be determined. That is one phase of the investigation.

Mr. GARDNER. That is not responsive to my question. He does not acquire the information on which that suspicion is based by opening the package and examining the contents of that magazine.

Mr. MADDEN. He may have a copy in his hand.

The CHAIRMAN. On page 18 of your report for the last fiscal year you state the number of pounds of second-class mail matter mailed upon which postage at the rate of 1 cent a pound was paid was 618,664,754 pounds, creating a revenue of \$6,186,647.54. On the same page, the second paragraph from that one, you state that the number of pounds of second-class matter mailed free of postage within the country of publication during the fiscal year was 44,442,374 pounds. How do you ascertain the weight of second-class matter mailed free of postage with the country of publication?

Mr. MADDEN. The postmaster receiving it is required to record the exact number of pounds.

The CHAIRMAN. And you aggregate it?

Mr. MADDEN. Yes; we know to a pound if the postmaster is performing his duty properly.

The CHAIRMAN. On page 20 of your report you state that the number of pieces of third-class matter handled during that fiscal year was 1,248,701,897, and the number of pieces of fourth-class matter handled during that year was 108,825,649. Is there anywhere a statement or estimate of the weight of third and fourth class matter carried?

Mr. MADDEN. None, except the one made in 1902. We estimated the weight of all the different classes then.

The CHAIRMAN. Will you be kind enough to give the weights as of that date?

Mr. MADDEN. Of all the classes?

The CHAIRMAN. Yes, and how the weights were obtained.

Mr. MADDEN. In the annual report of the Third Assistant Postmaster-General for the year 1902, under the head of mail matter, the table shows the estimated relative weights of the various classes of mail matter, exclusive of "Government free." First class, made up

of post cards, postal cards, letters, etc., was 13.56 per cent of the mail. Second class mailed at the pound rate and that mailed free was 65.47 per cent. Second-class matter mailed by publishers and news agents, with stamps attached, 0.37 of 1 per cent. The per cent of second-class matter mailed by the public, with stamps affixed, 3.33 per cent. Third-class matter, 12.41 per cent. Fourth-class matter, including seeds, scions, bulbs, etc., which was fourth-class matter mailed at a third-class rate, 3.96 per cent. Foreign matter, except first class, 0.90 of 1 per cent.

The CHAIRMAN. Were those per cents based upon the number of pieces or the weight?

Mr. MADDEN. The weight as taken from the last "weigh."

The CHAIRMAN. What is the rule of law relating to the weight and size of matter to be received in the mail?

Mr. MADDEN. The rule of law is that all packages except second-class matter are limited to 4 pounds in weight, except in the case of a single book. There is no limit on a package of second-class matter.

The CHAIRMAN. That is, second-class matter made up of a number of different pieces?

Mr. MADDEN. Yes.

The CHAIRMAN. What is the rule relative to the size of the package?

Mr. MADDEN. There is no rule whatever. It may be any size. Sometimes we get a fishing rod through the mails.

Mr. LLOYD. How do you carry it?

Mr. MADDEN. The best way we can; get it down on the top of the wagon, pull it through the window of the car or the door, or some such way—any way we can.

The CHAIRMAN. What is the rule relative to the size and weight of the matter received in the mail under what is known as "Government free" matter and "franked" matter?

Mr. MADDEN. For that I would have to read you the regulations, and is controlled or ruled upon by the First Assistant Postmaster-General and not by the Third Assistant Postmaster-General.

The CHAIRMAN. But the rule is a fixed rule?

Mr. MADDEN. Yes; a fixed rule.

The CHAIRMAN. And your familiarity with it is my reason for making inquiry of you.

Mr. MADDEN. The weight of mail matter, section 487—

The CHAIRMAN. Of the postal laws?

Mr. MADDEN. Of the Postal Laws and Regulations. The act of Congress reads:

The limit of weight of mail matter is hereby declared not to be exceeding 4 pounds for each package thereof, except in case of single books weighing in excess of that amount and except for books and documents published or circulated by order of Congress or printed or written official matter emanating from any of the departments of the Government or from the Smithsonian Institution, or which is not declared nonmailable under the provisions of section 3893 of the Revised Statutes, as amended by the act of July 12, 1876, or matter pertaining to lotteries, gift concerts, or fraudulent schemes or devices.

The regulations now cover a page and a half. Shall I read them?

The CHAIRMAN. Can you give briefly what that covers without reading them?

Mr. MADDEN. Just in what respect?

The CHAIRMAN. In reference to whether or not there are any re-

strictions upon the several Departments of Government in the mailing of so-called Government free matter.

Mr. MADDEN. I will read the regulations with reference to that. In relation to Government free matter the regulations state:

All official matter relating to the postal service may be sent in the mails from any post-office without regard to the weight thereof, except as otherwise provided by special instructions.

All official matter relating to the census inclosed in penalty envelopes or bearing penalty labels or indorsements addressed to the Director of the Census, assistant director, chief clerk, supervisors, enumerators, or special agents, shall be accepted for mailing at any post-office regardless of the weight thereof.

Packages of internal-revenue stamps inclosed in penalty envelopes or bearing penalty labels mailed by and addressed to officers of the internal-revenue service will be accepted at any post-office regardless of the weight thereof.

Matter relating to copyrights and addressed to the Librarian of Congress, Washington, as provided in section 518, when presented in its simplest mailable form, shall be accepted at any post-office without regard to the weight thereof.

The CHAIRMAN. Under those regulations any of the Departments may send as Government free matter anything of entirely official character without regard to the 4-pound limit?

Mr. MADDEN. Yes, sir.

The CHAIRMAN. And the Post-Office Department is restricted in no wise as to size or character, except under special instructions?

Mr. MADDEN. That is right.

The CHAIRMAN. What embarrassment, if any, would there be to any one of the Departments, including the Post-Office Department, if the restrictions of packages to be received in the mail were limited to the 4-pound weight?

Mr. MADDEN. That is a pretty broad question Mr. Overstreet.

The CHAIRMAN. I think it is a pretty direct question.

Mr. MADDEN. It is very direct, but very broad. I would be answering for other officers, you know; and I do not know to what extent other officers would be embarrassed by that limitation. So far as the Third Assistant Postmaster-General is concerned there would be no material embarrassment, but I can not speak for the others. For instance, the First Assistant Postmaster-General sends a great quantity of supplies through the mail. If he were limited to 4 pounds for each package I do not know what embarrassment it would cause. Therefore I can not answer that.

The CHAIRMAN. If there should be a restriction to the 4-pound limit of weight in the mailing of Government free matter it would very probably result in the elimination from the mails of a considerable amount in weight of matter which would otherwise go by freight?

Mr. MADDEN. Yes.

The CHAIRMAN. Have you any opinion as to what proportion that should be?

Mr. MADDEN. I have no good opinion; no.

Mr. SNAPP. I notice in the report of the hearings before the post-office committee while they were making up the appropriation bill for 1906 that you (page 229) say:

I find that the percentage of revenue from the first-class matter is 78; second-class matter, 4; third-class matter, 14, and fourth-class matter, 4 per cent.

And in your financial statement of the revenues of the department for 1905 you state the total receipts from all sources to be \$152,826,585. If your recommendation of the consolidation of third and fourth class matter had been made and had gone into effect during the fiscal year 1905, the amount received from fourth-class matter would have been reduced 2 per cent, would it not?

Mr. MADDEN. Yes.

Mr. SNAPP. And the total receipts for that year would likewise have been reduced to 2 per cent?

Mr. MADDEN. There would have been a reduction of revenue on 4 per cent of the mail matter made up of fourth-class matter——

Mr. SNAPP. By one-half——

Mr. MADDEN. But understand——

Mr. SNAPP. No, if you please, answer my questions.

Mr. MADDEN. But I want to have my answers intelligible.

Mr. SNAPP. Then you may make such explanations as you desire after you have answered. I am trying to get now what the effect would be on the revenue by the reduction of the rate of fourth-class matter from 16 to 8 cents per pound, the estimated revenue from the fourth-class matter being 4 per cent of the total revenue.

Mr. MADDEN. Now, what is the question?

Mr. SNAPP. The revenue for 1905 being \$152,826,000, in round numbers, and the estimated percentage of fourth-class revenue being 4 per cent, how much should be deducted from this total revenue provided the rate on the fourth-class matter had been 8 cents instead of 16 cents?

Mr. MADDEN. If the revenue from fourth-class matter is 4 per cent of the total revenue and the postage rate is cut in two, then the revenue would be just one-half if the quantity remained the same; but as a matter of fact——

Mr. SNAPP. I am not asking about the quantity, I am basing upon the revenue received for 1905.

Mr. MADDEN. I can not give you the figures without figuring it out.

Mr. SNAPP. It would reduce the revenue from fourth-class matter one-half, would it not?

Mr. MADDEN. Yes; but we have fourth-class matter now carried at that one-half rate, so it would not reduce it one-half, as your question was.

Mr. SNAPP. What fourth-class matter is now carried at third-class rates?

Mr. MADDEN. As stated before, seeds, scions, bulbs, cuttings, plants, etc., are carried at third-class rate, although they are fourth-class matter.

Mr. SNAPP. What per cent of the entire fourth-class matter would that be?

Mr. MADDEN. 0.41 of 1 per cent.

Mr. SNAPP. Practically not enough, then, to take into consideration in making a rough estimate of the kind I have asked, is it?

Mr. MADDEN. Well, it is something to be considered when you consider the extent of the service; yes, 1 per cent of the mail is a tremendous amount.

Mr. SNAPP. But I understand you to say that that class of fourth-class matter that passes through the mails at 8 cents per pound is only about one-half of 1 per cent of the fourth-class matter?

MR. MADDEN. No; one-half of 1 per cent of all.

MR. SNAPP. Of all the mail?

MR. MADDEN. Yes.

MR. SNAPP. Based upon your report of the receipts from all sources during the fiscal year 1905, being \$152,826,000 in round numbers, can you calculate what the difference would be if fourth-class matter should be carried at 8 cents per pound?

MR. MADDEN. I can calculate it, but I could not do it in my head.

MR. SNAPP. Can you give us now a rough estimate of the amount?

MR. MADDEN. I don't think I could give you a safe estimate or anywhere near it.

MR. SNAPP. Can not you give it within a million dollars?

MR. MADDEN. Well, you ought to be able to figure that out as well as I can from the figures given, if the fourth-class matter yields—

MR. SNAPP. I can, but I have no way of getting it into the record except through you, and I would like to have it appear in the record.

MR. MADDEN. Well, put it this way, then. Of the total revenue received we estimate that 4 per cent of it was received on fourth-class matter. Now, if that were cut in two the revenue would be reduced that amount.

MR. SNAPP. Now, figuring it in your head, 4 per cent of \$152,000,000 is \$6,000,000, in round numbers. To cut that in two, if the rate should be reduced from 16 to 8 cents per pound, would reduce it about \$3,000,000, would it not?

MR. MADDEN. Yes.

MR. SNAPP. So that the difference in the revenue derived in the fiscal year 1905 from fourth-class matter, if the rate had been reduced from 16 to 8 cents per pound, would have decreased the total receipts from all sources by something like \$3,000,000?

MR. MADDEN. Yes; but that is not a fair way to look at it. The reduction in the rate would increase the quantity unquestionably, and it would distribute itself all over the service to the extent and in such a manner that it would be handled probably without any increase of force.

MR. SNAPP. I expected you to say that, because you made that same statement in the hearings in 1905; but let me call your attention to this fact. It seems to be conceded now that the cost for carrying and distributing mail is practically 8 cents per pound. That being the case, the rate on third-class matter now just about pays the cost to the Government of carrying and delivering the mail. If the fourth-class rate should be reduced from 16 cents to 8 cents per pound it would all be carried then at 8 cents a pound, estimated to be the actual cost of carrying and delivering the mail. That being the case, how would the increase that you anticipate in fourth-class matter be of any benefit to the Government in adding to its revenue?

MR. MADDEN. The answer is this: That instead of calculating that the Government gets an even 8 cents a pound upon third-class matter, it does, as a matter of fact, get an average of about 12 cents a pound, by reason of the fractions. The rate of postage is 1 cent for each 2 ounces or fraction thereof, and there are sometimes as much as 20 cents perhaps paid on a pound, because of the number of pieces in a pound, and the Government gains on the fractions. Now, that is true of fourth-class matter; it is not sent in even pounds; it is sent in fractions, and the Government gains whenever a package is over,

however small, the excessive amount of the limit for the unit of weight. That would apply to fourth-class matter, just as it now applies to third-class matter, and we now have a percentage of that fourth-class matter carried at the third-class rates under those same conditions.

Mr. GARDNER. Then, are we to understand from that that you regard it as a safe proposition to change your rates on the anticipation that we are going to regain enough to recoup ourselves by the fractions?

Mr. MADDEN. Not by the fractions alone, no; but by the increase in volume that will spread itself throughout the service and which will be introduced into the mails——

Mr. GARDNER. On that increase of volume I want to ask some questions. We find in this committee, so far as my impressions go, that every year the various bureaus come in and ask for an increase of force; the appropriation grows from year to year; we ask for a reason for that increase; there is but one answer ever made a basis for it, and that is the increase in the business.

Now, when we are to make appropriations we are taught here by the experienced officials of the Department that the increase of the business means increased expense, but when a proposition for a change of classifications or some other recommendation like that for the rural delivery throughout the country have come in then it is always justified on the ground that contradicts the whole theory on which our proposition is based, to wit, that it will be of no greater cost to the Government.

To leave the illustration out of the record, I want to be able to reconcile the two contentions uniformly made for two separate purposes in my alleged mind.

Mr. MADDEN. You want to know whether it is a safe business proposition——

Mr. GARDNER. No; I want to be able to reconcile the increased appropriations every year for the reasons taught us by the officials of the Departments as sound and fundamental—that the increase of the business means an increase of cost—with the other proposition that when a recommendation is made for a change of rates to a lower amount in which we are going to recoup by an increase in the business we are then taught that that business is not going to cost the Government anything. Now, one or the other, it seems to me, is wrong, and if we are making these vast appropriations on a false basis let us get around to a right one.

Mr. MADDEN. Well, my answer, Mr. Gardner, is that we know as much now as we can ever know as to the effects upon the revenues of reducing the rate on fourth-class matter. We are now just as well able to estimate the effect as we can ever be. Primarily, the postal service is for the people, for their convenience. The fourth-class mail matter, now constituting only 4 per cent of the bulk of the weight of the mails, a portion of that is already carried at the third-class rate——

Mr. SNAPP. I would like you to explain the authority as you go along.

Mr. MADDEN. The act of Congress is the authority.

Mr. GARDNER. Are you safe in saying that primarily the estab-

lishment of the post-office was for the convenience of the people? That is a broad term.

Mr. MADDEN. That may be subject to modification.

Mr. GARDNER. Was it not solely for the purpose of communication, and was merchandising through the mail thought of—was such a thing thought of?

Mr. MADDEN. No; I can not say so, except that we are now proceeding on the theory that the service is for the people, and if we are going to carry merchandise at all we ought to carry it at fair and reasonable rates and give a fair service, and not make the pretext of accepting merchandise and then bar it out by raising the rate so high that it is prohibitory.

Mr. SNAPP. In effect, reducing the rate on fourth-class matter one-half is equivalent to doubling the rate limit, is it not?

Mr. MADDEN. I did not say so.

The CHAIRMAN. Would you regard the reduction of first-class letter postage from 2 cents to 1 cent as resulting in such an increased volume of first-class mail as to compensate for the loss on postage?

Mr. MADDEN. I certainly should not. When the rate was reduced from 3 cents to 2 cents it was upon that recommendation, based upon that explanation, and it did materialize, for the volume of first-class matter was increased so that it made up the deficiency in the revenue in a very short time after—I can not give you the exact time.

The CHAIRMAN. Why would you expect a reduction of rate on fourth-class matter by one-half to result in such an increased volume that compensates for the loss of postage, while you would not expect the same result if you reduce first-class postage?

Mr. MADDEN. Because we are carrying all the letter mail matter now that anybody wants to send—it is not at a prohibitory rate; whereas in the case of fourth-class matter it is a prohibitory rate.

The CHAIRMAN. You think there would be no letters written simply because they could go at a 1-cent rate?

Mr. MADDEN. I should say not many in addition—for instance, for illustration, here is a blotter [exhibiting] that is going through the mails which is subject to 1 cent an ounce postage, 16 cents a pound. There is a large insurance establishment in New York which sends out blotters to advertise, and they print on one side an advertisement of their company. We still charge them at the merchandise rate, because they are blotters, and we lose in revenue right there, because it goes by express. They would go in the mails at the cheaper rate.

The CHAIRMAN. I understand when they print their advertisement on the blotter you exact a different rate from them?

Mr. MADDEN. No; we still charge them the same rate, because it is still a blotter.

Mr. STAFFORD. How are those blotters distributed when they are received at the express company's office at the point of destination?

Mr. MADDEN. I can not answer that.

The CHAIRMAN. Probably through their local agents.

Mr. SNAPP. It strikes me you do not distinguish between the cost of the service and the revenue to the Government when you say that the Government loses the carrying of that class of merchandise.

Mr. MADDEN. It loses on all that that can be carried at a less rate by any other mode of conveyance.

Mr. SNAPP. But if Congress were to reduce the rate so that could be sent at the 8-cents-a-pound rate, the fact that the Government carried it would not really add anything to its revenue, as it would cost all it received for carrying it?

Mr. MADDEN. No; I have explained that. The Government makes that up in the fractions; the average is greater than 8 cents per pound; it gets more than 8 cents per pound revenue.

Mr. SNAPP. You may have explained it satisfactorily to yourself, but not to me.

Mr. MADDEN. You know there are none so blind as those that will not see.

Mr. GARDNER. Your answer seems to me to apply this irresistibly, that it is possible for the Government to reduce a mail rate to an extent that it will take bulbs and like things out of the express and put them in the mail. You say we now lose because they now go by express.

Mr. MADDEN. We lose the carriage of that, and therefore the revenue.

Mr. GARDNER. That is not the point, loss of the carriage; the only thing to be considered is the loss of profit. We are not hunting for opportunities to increase the deficit.

Mr. MADDEN. No; but if you are going to make a profit on one class of mail matter to pay for another there is a question of propriety there.

Mr. GARDNER. No; but your illustration means—it must mean—that with the establishment of a rate that would bring back that business the Government would be a gainer.

Mr. MADDEN. In volume.

Mr. GARDNER. And not in profit?

Mr. MADDEN. There would be the profit; if it costs 8 cents a pound to handle it the profit that would come from the fractions would make the Government a gainer.

Mr. GARDNER. But that is now going by express. You fix a rate to take that from the express and put it back in the Department, and then you assume that you will get it again. That means that the Government can fix a rate that will take a certain class of business on any very common and cheap article from the express companies and still make a profit on it; it must mean that, does it not?

Mr. MADDEN. I do not think so; I do not look at it that way.

Mr. GARDNER. Then why do you want it back? Why do you want a rate that will take it away from the express companies if you are not going to make money on it?

Mr. MADDEN. I do not care who it takes away from. I am talking about making a service to accommodate the public and getting a fair postage rate for the service rendered. If we carry bulbs at 8 cents a pound even we will not lose anything according to the figures, while as a matter of fact we will gain, because of so many small packages being sent upon which more postage will be paid than is really necessary, you might say, to carry it, if we could split it up according to the exact weight.

Mr. SNAPP. Would you then extend the service in such a way as to carry any and all articles by mail, providing it could be done without a loss?

Mr. MADDEN. What is that question?

Mr. SNAPP. Assuming that the people wanted it done.

Mr. MADDEN. What is that question?

(The question was repeated by the stenographer.)

Mr. MADDEN. In answer to that question I will say that I do not believe that it is fair to charge an excessive rate on one class of matter in order to carry another class at less than the cost of carriage.

Mr. GARDNER. Assuming, then——

Mr. SNAPP. I take it, then, that you do not desire to answer the question.

Mr. MADDEN. That is an answer.

Mr. GARDNER. Take that answer. Assuming, then, that we are charging more for something than it is costing; that, in the light of your answer, is charging a profit on one class of matter to meet a deficit on another?

Mr. MADDEN. Yes, sir.

Mr. GARDNER. Your proposition, then, for the reduction of postage to somewhere near the cost point on these articles is in your mind the necessary corollary of the raising of prices on the articles that go to create the deficit?

Mr. MADDEN. Not exactly; I have explained previously that according to the best estimates that can be made, reduction of rate on so much of the fourth-class matter which is now carried at the rate of a cent an ounce, estimating the probable increase of volume and the distribution throughout the service, that the loss of revenue from cutting the rate in two would be made up, and the percentage of increase is not sufficient to appreciably affect the equipment of the service.

Mr. GARDNER. I will drop that subject, then, because I do not think we are gaining much. When you make one change, that within itself would have little appreciable effect on the service. One magazine at the low rate may have but little appreciable effect on the service, but there are recommendations coming in from all the bureaus, none of which has any great appreciable effect on the service, as one drop of water has no appreciable effect on a river; but still it is the aggregate of these things that go to make up the increase of the service that at last results in the increase of appropriations here. It would be pretty difficult, would it not, to pick out any one thing that has the appreciable effect on the increase of cost in the service, but each thing is a part of all these things that do result in many millions of added cost every year.

The CHAIRMAN. If there are no other questions we will close this inquiry so far as the Third Assistant Postmaster-General is concerned, and, Mr. Madden, we are very much obliged to you.

(Thereupon, at 1.20 o'clock p. m., the committee adjourned until to-morrow, Wednesday, February 7, 1906, to 10.30 o'clock a. m.)

Table asked for by Mr. Snapp on page 351:

Proposals for adhesive postage stamps, 1902-1906.

[Price per thousand.]

Classification of bids.	Bureau of Printing and En- graving.	American Bank Note Company.
Item 1. Ordinary stamps for use of the public.....	\$0.05742	\$0.057
Item 2. Postage-due stamps.....	.07756	.065
Item 3. Special-delivery stamps.....	.15505	.12
Item 4. Books of stamps (exclusive of the stamps bound therein, which are included in item 1):		
12-stamp size.....	2.8242	3.00
24-stamp size.....	3.4520	4.25
48-stamp size.....	4.4608	5.40

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Wednesday Morning, February 7, 1906.

Subcommittee called to order at 10.40 a. m.

**STATEMENT OF HON. P. V. DE GRAW, FOURTH ASSISTANT POST-
MASTER-GENERAL, ACCOMPANIED BY MR. WM. E. COCHRAN,
PURCHASING AGENT.**

The CHAIRMAN (Hon. Jesse Overstreet). We will take up the items under the office of the Fourth Assistant Postmaster-General. The first item is for stationery for the postal service. This is an entirely new item, and in it are grouped a number of items which have heretofore appeared as separate ones in different parts of the bill. Was that item, in its present form, prepared in your office?

Mr. DE GRAW. No, sir.

The CHAIRMAN. Do you know where it was prepared?

Mr. DE GRAW. Under the reorganization, I think it was prepared in the office of the chief clerk; that is my understanding.

The CHAIRMAN. Are you prepared to explain the various features of that item?

Mr. DE GRAW. I think I can do that to your satisfaction. I have prepared some matter here in explanation of them, and I think it would facilitate the explanation if I should give you that.

The CHAIRMAN. You may go on in your own way.

Mr. DE GRAW. By a recent order of the Postmaster-General there was transferred to the division of supplies all sections of other bureaus and divisions engaged in the purchase and issue of supplies, and the administration of such portions of appropriations as were theretofore expended in the purchase of supplies by the Department, as distinguished from allowances made to postmasters. Pursuant to this order allotments have been made from the appropriations affected covering the amounts estimated to be required for the remainder of the present fiscal year. This condition necessitated a rearrangement and consolidation of the items of appropriation

required for the ensuing fiscal year, which destroys, to a large extent, the value of comparison generally afforded between the appropriations for one year and the estimates for the following year.

Stationery for postal service.—In the estimates submitted the item of stationery for the postal service has been consolidated with the appropriation for the purchase of official, registry, and dead-letter envelopes, making a total of \$314,000 for these items. The current appropriation for stationery for the postal service is \$65,000 and that for official registry and dead-letter envelopes is \$206,000. The consolidated estimate for these items involves an increase of \$20,000 for stationery and \$23,000 for official envelopes, etc. The increase in the estimate for stationery is made necessary by the growth of the service and the fact that under the present rulings of the Department the following items, heretofore supplied from other appropriations, must hereafter be paid for out of the appropriation for stationery, viz: Stationery for the money-order service, the mail-bag repair shop, the office of the General Superintendent of the Railway Mail Service; carbon paper, ribbons, stamp racks, etc., for the money-order service, and postal account books.

The estimated increase of \$23,000 for registry envelopes, etc., was originally prepared by the Division of Stamps of the Office of the Third Assistant Postmaster-General, and is based upon an estimated increase in the service of ten per cent. However, since the estimate for the latter increase was prepared a careful review of expenditures for the past fiscal year and the first six months of the current year has been made, and in view of the economies practiced and the fact that the contract now in force, which will extend to June 30, 1907, will enable the Department to purchase envelopes of this character at a much lower rate than heretofore, the estimate for official registry and dead-letter envelopes may safely be reduced from \$229,000 to \$200,000, or \$6,000 less than the appropriation for the current fiscal year. This would reduce the consolidated estimate for stationery, etc., from \$314,000 to \$285,000, which, I am sure, will be sufficient.

The CHAIRMAN. With reference to the provision in this item for printing under the authority of the Post-Office Department of penalty envelopes used by the Executive Departments, please say what is the present method of printing those.

Mr. COCHRAN. I think I can explain that. There was a law passed in 1895 requiring the Postmaster-General to contract for all official envelopes used by his own and all other Departments. Since that time that has been done. This is a one-year contract under the law. The Departments pay for their own envelopes.

The CHAIRMAN. Then the change in language is simply for the purpose of authorizing an extension of the contract, not a change of practice?

Mr. COCHRAN. Not quite that. The Post-Office Department is the only department that avails itself of two envelope contracts. We get the envelopes for the Department proper out of this general departmental contract; and there is also another contract that we have for the postal service, and that runs for one year also. That contract requires a very great outlay in the way of a plant—special machinery, etc.—so it is impossible for anyone excepting the man who has the equipment to bid on it for a term of one year.

The machinery required to make the special registry envelope is quite complicated and very expensive, and we thought it would be good administration to combine these two contracts and to authorize a contract for a term of four years, because in that way we might get some bids from others than the one who holds the present contract. On the last letting for the service envelope the present contractor was the only bidder.

The CHAIRMAN. The present contract expires June 30, 1907?

Mr. COCHRAN. That is for the general departmental contract.

The CHAIRMAN. And this item if adopted would authorize an extension of the contract for a period of six months?

Mr. COCHRAN. So as to have them expire at the same time, and then we could combine the two, and begin together.

The CHAIRMAN. Then under this authority, if it should become a law, they would simply make one contract for two purposes, and the various Departments would continue to pay from their appropriations for the supplies which they used?

Mr. COCHRAN. Just the same as now.

The CHAIRMAN. And there would be charged against the postal appropriation only what it uses?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Then this amount included in this item of appropriation is only for use during the next fiscal year for supplies of this character for the postal service?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. I wish to call your attention to the proviso on page 40 of this particular bill, which reads: "*Provided*, That no envelope furnished by the Government shall contain any business address or advertisement." You understand that under the authority given to the Third Assistant Postmaster-General, he contracts for the printing of stamped envelopes for sale to the public, and this proviso would put a limitation upon that contract. Was that understood at the time it was prepared?

Mr. COCHRAN. That is the law now. I think I can find it in the statutes. You will not find it in the Postal Laws and Regulations. It is in the Twenty-eighth Statutes, at page 624. The act was passed January 12, 1895. I will read it. (Reads:)

The Postmaster-General shall contract for all envelopes, stamped or otherwise, designed for sale to the public, or for use by his own or other Departments, and may contract for them to be plain or with such printed matter as may be prescribed by the Department making requisition therefor: *Provided*, That no envelope furnished by the Government shall contain any business address or advertisement.

The CHAIRMAN. Section 136 of the Postal Laws and Regulations, contains the following language with reference to printing of envelopes:

But no stamped envelopes furnished by the Government shall contain any lithographing or engraving, nor any printing (or advertisement) except a printed request to return the letter to the writer.

Now, the Third Assistant Postmaster-General in his statement before this committee a few days ago, complained that this language to which I have just drawn your attention, would put such a limitation upon him in the printing of these envelopes as would forbid him from printing the return request.

Mr. COCHRAN. Well, I am somewhat surprised that he did so, because his chief clerk talked this matter over with me, and I called his attention to this statute which I have read.

The CHAIRMAN. Has the language which I have read from the Postal Laws and Regulations been amended by the act you read?

Mr. COCHRAN. I don't know; though it is possible that it repeals it.

The CHAIRMAN. Don't you mean to apply this language to official envelopes and not in anywise to change the law relative to stamped envelopes.

Mr. COCHRAN. That is it exactly.

The CHAIRMAN. Then if the word "official" were inserted before the word "envelope," so that it would read "no official envelope," how would that do?

Mr. COCHRAN. I have no objection to that at all. My purpose was simply to combine the present laws. I only wanted to get authority to extend this contract for four years.

The CHAIRMAN. You have not considered, much less requested, any change in the law relative to the printing of stamped envelopes for sale to the public.

Mr. COCHRAN. I had no such idea.

The CHAIRMAN. Then if we inserted the word "official" before the word "envelope" wouldn't it cover completely what you do want?

Mr. COCHRAN. Yes, sir; I think so.

Mr. FINLEY. Would not this proviso here at the end of this section, that no envelope furnished by the Government shall contain any business address or advertisement, not have relation to both official envelopes for sale to the public and be a limitation as to both?

The CHAIRMAN. I think that is a good point. Might not that refer to stamped envelopes for sale to the public?

Mr. COCHRAN. I could hardly say. I simply wanted to provide for a four-year contract.

The CHAIRMAN. We do not want to permit the printing of advertisements on stamped envelopes, but we do want to allow the printing of the return card. Here is the difficulty. Supposing this language were adopted in law just as you have recommended it, and then you contracted for printing of stamped envelopes for sale to the public. I doubt if under this language a man, after he has bought his envelopes, could put any advertisement on them, because you say "that no envelope furnished by the Government shall contain any business address or advertisement." It would prevent an individual, after he had made the purchase, from printing his return card on it?

Mr. COCHRAN. That might be so. I did not wish to make another change in the law, but simply to arrange for the term of the contract.

The CHAIRMAN. But haven't you made a change of the law?

Mr. COCHRAN. I had no intention of doing so.

The CHAIRMAN. If I should buy 10,000 stamped envelopes from the postmaster of New York, could I, under that language, print a business card or advertisement upon those envelopes after purchase?

Mr. COCHRAN. I think so; yes, sir.

The CHAIRMAN. It says that no envelopes furnished by the Government shall contain it.

Mr. HEDGE. The man can do as he pleases after he buys the envelope.

The CHAIRMAN. That is a question.

Mr. FINLEY. I am inclined to agree with the chairman in that construction.

Mr. COCHRAN. I think this statute has been construed to mean that it prevents the printing of anything excepting the street and number of the man doing business. As I understand it, under the present regulation you can not give any intimation of the character of the business of the firm or individual.

The CHAIRMAN. As we have your construction of it, the committee can take that up later and complete it.

You do not understand, Mr. Cochran, that this appropriation for stationery for the postal service includes the expense of the contracts for stamped envelopes and newspaper wrappers?

Mr. COCHRAN. Oh, no, sir; it does not.

The CHAIRMAN. This language was simply for the purpose of consolidating those two items and extending this one contract?

Mr. COCHRAN. That is all. It extends to two contracts, the general departmental envelope contract and our own service contract, not the stamped envelopes.

The CHAIRMAN. In other words, the appropriation of \$285,000 which you request is covered by the language: "For stationery for the postal service, including all money-order offices, of which not exceeding \$229,000 may be used for the purpose of official registry and dead-letter envelopes?"

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. And the rest of the paragraph alludes exclusively to the consolidation of these contracts, and extensions?

Mr. COCHRAN. Yes, sir.

Mr. FINLEY. Referring again to the envelopes sold by the Government to the public, is not the purpose of this proviso, that no envelopes furnished by the Government shall contain any business address or advertisement, simply this, that the Government in furnishing a stamped envelope will simply furnish the plain envelope with the stamp on it, and without any intention on the part of the Department to interfere with the purchaser having his business address or anything else he may wish printed on it?

Mr. COCHRAN. The purpose of the Department probably was to simply have the address on there, so that they would be enabled to return it if it should not be delivered; that nothing should be put on it which would indicate the character of the business or furnish any advertisement.

Mr. FINLEY. If the party did not have a lock box, or something of that sort, would not this proviso prohibit the name going on?

Mr. COCHRAN. I think it has not been permissible to put anything on that would indicate the character of business.

Mr. FINLEY. I am satisfied that that has been true in the practice of the Department heretofore. Then is not the language of this proviso unfortunate?

Mr. COCHRAN. I think it is, but I did not feel that I was at liberty to change it, being the present law.

Mr. STAFFORD. Is not the particular reason for this that it takes the Government as much as possible out of the printing business, and out of competition with the printing concerns of the country generally?

Mr. COCHRAN. I suspect that that was it, although I have no positive information. I know that outside establishments do say that the Government has no business to print envelopes or furnish them, that they should furnish only stamps.

Mr. STAFFORD. As I understand your recommendation, it in no way seeks to abrogate the printing of the return-card privilege on embossed envelopes as authorized under the law of 1895?

Mr. COCHRAN. No such purpose or intention.

Mr. STAFFORD. You do not so recommend?

Mr. COCHRAN. No, sir; I do not.

Mr. STAFFORD. I suppose the reason why the Government undertook the furnishing of the embossed envelopes was to aid the merchants in dispatching large quantities of mailable matter, so that they would not have to affix individual stamps to each envelope?

Mr. COCHRAN. Probably that is it. It has been in existence a long time, and I do not know what the original purpose was.

Mr. STAFFORD. You are not acquainted with the method of printing these embossed envelopes with the return card on?

Mr. COCHRAN. Well, I know something about it.

Mr. STAFFORD. Are you acquainted with the machinery used for printing return cards and embossed sheets and mucilaging them?

Mr. COCHRAN. I am not.

Mr. STAFFORD. You are not acquainted with the price which the envelope concerns charge for the printing of these return cards, a minimum rate of 5 cents a thousand when furnished in quantities of 100,000?

Mr. COCHRAN. I think the best rate we could get under the departmental contract is 10 cents a thousand; that is my recollection.

Mr. STAFFORD. For what?

Mr. COCHRAN. For all the printing on the envelope, including the penalty clause. That is usually printed with the name of the Department.

Mr. STAFFORD. Without regard to the volume that is ordered?

Mr. COCHRAN. Of course we get that rate on the large quantities now.

Mr. STAFFORD. Does the contract provide the rate for the respective quantities?

Mr. COCHRAN. Yes, sir; in our advertisements and specifications we say that the probable quantity is to be so many thousand, or million, on which the different bidders will fix a price for plain and printed. On the very large items we get a price of the difference between the plain envelopes and the envelopes printed, which is 10 cents a thousand. But on the very large envelopes the difference runs up to as high as a dollar a thousand.

Mr. STAFFORD. Do I understand that there is a separate rate provided for printing in different quantities these embossed envelopes?

Mr. COCHRAN. I am not speaking of the embossed envelopes; it is the service envelopes and the departmental.

Mr. STAFFORD. I was trying to call your attention to the fact that the printing of the return card under the contract now existing is the minimum amount.

Mr. COCHRAN. Very small indeed.

Mr. STAFFORD. As compared to the cost of manufacture?

Mr. COCHRAN. Yes.

Mr. SNAPP. How many styles and sizes of envelopes do the Government sell to the public?

Mr. COCHRAN. I should say about 20.

Mr. SNAPP. Can you furnish for insertion in the record a statement showing the cost of each kind of envelope furnished to the public and the selling price?

Mr. COCHRAN. I will ask the Third Assistant to do that; I would have to get it from him, as it is under his administration.

Mr. SNAPP. I was under the impression that the contract was made through your department.

Mr. COCHRAN. I have made no contract. The contract in force now was made before my office was established. But I would be very glad to get that for you.

The CHAIRMAN. Do each of the several Departments pay the contractor who furnishes these official envelopes simply the contract price?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. So that the receipt by each of the several Departments, the Executive Departments, of the various envelopes is accompanied by payments from the various Departments of their proportionate part of the entire part.

Mr. COCHRAN. Yes; it pays for exactly what it gets.

Mr. SNAPP. I would like to have that statement show the cost, or the selling price, to the public of printed and unprinted.

Mr. COCHRAN. Are you speaking of stamped envelopes?

Mr. SNAPP. Stamped envelopes solely.

Mr. COCHRAN. Yes, sir; all right.

Mr. STAFFORD. Who determines the quality of the envelope that is furnished for the use of the respective Departments, the size of them, and the quantities needed?

Mr. COCHRAN. The Postmaster-General, as a matter of fact, asks each Department for suggestions as to the quantities, the different sizes, and the qualities. The last committee on award on this contract suggested that before the next contract was issued a representative from each Department be asked to meet and see if they could not eliminate a great many different sizes, to get them down to the standard as nearly as possible, and also to agree on the quality of the paper. That conference is being held in the Department now, and representatives from each Government Department are there, as well as from the Civil Service Commission, Interstate Commerce Commission, Smithsonian Institution, and Public Printer.

Mr. STAFFORD. Is there any special machinery necessary for the making and preparing of the Departmental envelopes used in the postal service other than the registry envelope?

Mr. COCHRAN. No; there are several kinds of registry envelopes. There is a tag envelope, and we have now an outlook envelope. I think there are three different styles.

Mr. STAFFORD. As I understood your prior testimony, you recommended the termination of those two contracts at the same time so that they might be let to the same bidder. Where would any additional competition result by reason of the consolidation of all these envelope contracts under one specification?

Mr. COCHRAN. It was not for the purpose of letting it to the same bidder—

Mr. STAFFORD. I did not wish to have my question make that inference, but to gain competition by letting it to one and the same bidder.

Mr. COCHRAN. No person can afford to take the service contracts for a year, because it requires a very expensive plant and special machinery. If, however, they could bid on it for four years I think we could get other bids. At the last letting there was but one bidder, the present contractor.

Mr. STAFFORD. Was that for the service envelopes?

Mr. COCHRAN. The service envelopes.

Mr. FINLEY. The envelopes for the War Department are furnished through the Post-Office Department's contracts, are they not?

Mr. COCHRAN. Yes; that is, through the contract that the Postmaster-General made. He furnishes an original copy of each envelope contract to each department, and when they get the contract they simply order from the various contractors, and the Post-Office Department has nothing more to do with it.

Mr. FINLEY. When the War Department wishes a number of envelopes, they send an order direct to the person having the contract; in other words, one contractor furnishes all of the envelopes for all of the departments.

Mr. COCHRAN. Of a certain kind, yes, sir. There are, I think, five different contractors, but of course there are a great many items in this schedule, and there was not any one contractor that got all.

Mr. FINLEY. Could a system be devised by which an accurate count could be kept of the number of envelopes used in each department, so as to arrive at a definite conclusion as to the amount of mail sent out by each department?

Mr. COCHRAN. You could ask the different supply divisions to tell you what the consumption of envelopes in the different grades is of each department. Of course, the estimate that they will submit to the Postmaster-General will show the quantities that they expect to use during the coming year.

The CHAIRMAN. That would apply to what we understand as first-class mail only.

Mr. COCHRAN. First-class mail only.

Mr. FINLEY. Will that show the number of envelopes?

Mr. COCHRAN. Yes, sir.

Mr. FINLEY. At present you have no definite knowledge as to the number used by all the Departments of the Government?

Mr. COCHRAN. No, but I could get the estimates from my files that they put in last year.

Mr. FINLEY. I would like to have that go in the record.

The CHAIRMAN. How voluminous would it be?

Mr. COCHRAN. It would not be very large.

Estimate of Departments for envelopes for the fiscal year ending June 30, 1906.

Total for all Departments:

Plain	2,063,000
Printed	62,599,000

Mr. FINLEY. Then, as I understand it, they do not get all of the penalty envelopes from one contractor?

Mr. COCHRAN. No, sir; on the general schedule there are as many as five contractors.

Mr. FINLEY. No firm or company other than one of these five contractors furnishes any envelopes to the Government, do they?

Mr. COCHRAN. Not supposed to.

Mr. FINLEY. As a matter of fact, do they?

Mr. COCHRAN. Well, I happen to know of one Department that got an envelope outside of the contract, but I know of only one.

Mr. FINLEY. What was the amount of the contract?

Mr. COCHRAN. Well, it was very small. The price of the envelope was rather large, but the quantity used was not very great.

Mr. FINLEY. Do you remember the amount of the contract in dollars?

Mr. COCHRAN. No, sir; it was not anything that came to me, but something that I discovered accidentally, and the attention of the Department was called to the statute.

Mr. FINLEY. That was in violation of law, was it not?

Mr. COCHRAN. Well, I am inclined to think it was, to make a contract of that kind, although there is a decision of the Comptroller that if exigencies arise in the Department by which they need something not under these contracts, they can buy them in the open market.

The CHAIRMAN. The question would be then, was this an exigency?

Mr. COCHRAN. Well, if some special case should arise, they would be able to buy it.

Mr. FINLEY. So far as you know only this one departure has been made?

Mr. COCHRAN. That is the only one I ever heard of.

Mr. STAFFORD. That has not been continued?

Mr. COCHRAN. No, sir.

Mr. SNAPP. How long ago was that?

Mr. COCHRAN. Last year.

The CHAIRMAN. How many different qualities of material are contracted for for stationery and envelopes?

Mr. COCHRAN. Well, the variety is quite large.

The CHAIRMAN. Do the various Departments, in making their estimates, furnish any evidence of the character of material they desire for the stationery and envelopes?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Does the Postmaster-General or the Post-Office Department always accept the sample from the various Departments and contract for that particular quality?

Mr. COCHRAN. He has generally done so.

The CHAIRMAN. Would there be any impairment of the service if there was only one quality of this character of stationery covering the letter paper and envelopes for all of the various Executive Departments?

Mr. COCHRAN. We are trying to do that right now.

The CHAIRMAN. Wouldn't that result in economy?

Mr. COCHRAN. I think it would.

The CHAIRMAN. Who has the control in determining the purchase of supplies of letter paper and envelopes and whom they may be manufactured by?

Mr. COCHRAN. Each Department would determine as to the letter paper.

The CHAIRMAN. I am asking where the authority is lodged in the several Departments, or is it lodged in the Postmaster-General?

Mr. COCHRAN. It is for the envelopes, but not for the paper.

The CHAIRMAN. Are there as many different qualities in material for envelopes as for letter paper?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Then have you the authority, in perfecting this contract, to determine that there should be but one quality of material for envelopes?

Mr. COCHRAN. I think the Postmaster-General might do that, but it would be a rather arbitrary exercise of power.

The CHAIRMAN. Has he the authority?

Mr. COCHRAN. I think he has.

The CHAIRMAN. Have you reached any determination as to what you will do in the next contract in recognizing the requests for certain quality, or will you determine it for yourself?

Mr. COCHRAN. At my suggestion, on the recommendation of the last committee of awards, there was a representative from each Department and each Government establishment using envelopes, to meet the representative of the Post-Office Department. That conference has been in session for several days, and they are now endeavoring to reach an agreement and get standard sizes as nearly as possible.

The CHAIRMAN. In making the estimate for this appropriation and fixing your recommendation at \$285,000, what did you take as the basis of your estimate; simply the recommendations and estimates from the various Departments, or did you consider the quality of the material?

Mr. COCHRAN. I did not make the estimates at all. This statute speaks of Government Departments only, and it does not necessarily include the Public Printer, the Interstate Commerce Commission, the Smithsonian Institution, nor the Civil Service Commission. The suggestion I had in mind was that possibly we might put after the word "Departments" the words "other Government establishments." Of course, the words "independent bureaus" might be used.

The CHAIRMAN. At what points would you suggest the addition of that language?

Mr. COCHRAN. After the word "jurisdiction" on page 39.

The CHAIRMAN. You have named the Civil Service Commission, the Interstate Commerce Commission, the Government Printer, and the Smithsonian Institution. Would you include the Library?

Mr. COCHRAN. Yes, sir; the Library might also go in.

The CHAIRMAN. If this should include the Government Printer, would it cover the purchase of paper for the printing of matter under the Government Printer?

Mr. COCHRAN. No, sir.

The CHAIRMAN. Just simply the envelopes?

Mr. COCHRAN. The Public Printer utilizes our contracts now, but he does not have to, but simply because he chooses to.

Mr. SNAPP. How about the Interstate Commerce Commission?

Mr. COCHRAN. They do also.

The CHAIRMAN. Who furnishes the various Departments with their letter paper?

Mr. COCHRAN. I do not know. Each Department makes its own contract for stationery of all kinds.

Mr. STAFFORD. What bureaus or establishments other than those now provided for under the law avail themselves of the contract for these envelopes?

Mr. COCHRAN. The Public Printer, the Interstate Commerce Commission, the Smithsonian Institution, and the Civil Service Commission. I do not know of any others.

Mr. FINLEY. What stationery comes under the jurisdiction of your Bureau?

Mr. COCHRAN. Stationery for the Post-Office Department and for the postal service.

Mr. FINLEY. What saving, if any, have you been able to effect in the purchase of stationery within the last year or two?

Mr. COCHRAN. Well, the largest one item of stationery was in the matter of wrapping paper for facing slips. There was a saving in that one item of something like \$10,000.

Mr. FINLEY. You know nothing of the prices that the Departments, other than the Post-Office Department and the postal service, pay for their stationery?

Mr. COCHRAN. Yes; there is a table showing the prices in my report.

Mr. FINLEY. On page 11 of your report?

Mr. COCHRAN. Yes, sir.

The CHAIRMAN. Mr. De Graw, in fixing your estimate for this appropriation, \$285,000, did you give any consideration to uniformity of quality of paper?

Mr. DE GRAW. The quality which the supply averaged in the last fiscal year was considered in making that up. Of course that was the only thing we could do. The Commission that Mr. Cochran has spoken about is directed to report as to the quality of papers used, with a view to getting it harmonious. I find in my office several different characters of blanks.

The CHAIRMAN. That would result in economy.

Mr. DE GRAW. Unquestionably. We saved there on the estimates that we have made. We feel that we are perfectly safe or we would not have made it.

The CHAIRMAN. What I desire to ask is this: Could not that recommendation be reduced even below \$285,000, provided there was a uniformity of quality in the paper for the envelopes for the various Executive Departments?

Mr. DE GRAW. That is possible. We will know as soon as we can ascertain what the committee desires to do. This committee should be through, I should think, in about three or four days.

The CHAIRMAN. The next item is for blanks, blank books, printed and engraved matter, and binding for the money-order service, \$150,000, which was the original estimate. But under date of January 26 the Secretary of the Treasury advised us that you asked for an increase in this item to \$175,000. Please explain the necessity for the increase.

Mr. DE GRAW. For blanks, blank books, printed and engraved matter, and binding for the money-order service the present appropriation is \$135,000. The estimate submitted through the Secretary

of the Treasury is \$150,000. This estimate should be increased to \$175,000 for the following reasons:

During the fiscal year ended June 30, 1905, the printing of domestic money-order forms alone cost \$62,531.55; the printing of books of international forms, wrapping and shipment of books of both domestic and international forms, and the cost of printing miscellaneous blanks for the money-order service aggregated \$60,560.17.

The new form of domestic money order, which was put in use in November, 1905, cost 22 per cent more than the old form because of its being printed on paper sensitive to the use of acids or other means commonly used for raising the amounts originally entered in the orders. Taking the cost of the domestic orders for the fiscal year ended June 30, 1905, and adding 22 per cent to that amount, it will be seen the same forms would now cost \$76,288.49, and that, with the other items which were paid for the same appropriation, the total expense would be \$136,848.66. To this should be added about 13 per cent, or \$17,790.33, for the normal increase in business during the year 1905-6, and another 13 per cent, or \$20,103.06, upon the increased amount, on which to base an estimate for the year 1906-7, making a total of \$175,742.05. (The 13 per cent increase is based on the actual average annual increase in number of orders issued during the past five years.) In further support of this matter it may be stated that during the month of December, 1905, there were 33,593 books of the new domestic forms of order purchased from the contractor.

The increased cost of these books for the one month alone was \$1,588.22. The number of books ordered during the month named was 4,807 more than were ordered for the same month the preceding year, indicating an increase in the business of 16½ per cent. If the same percentage of increase shall continue during the remainder of the fiscal year, the present appropriation of \$135,000 will fall far short of the requirements. Because of the smallness of the appropriation and the legal requirement that the amount thereof shall be allotted by quarters, it has been impossible to provide sufficient quantities of supplies at any one time, and postmasters could not be furnished with a supply of money-order blanks sufficient to last more than three months. This has largely increased the clerical work of handling blanks and supplies in this Bureau.

In view of the above and the absolute necessity of providing adequate means for handling the money-order business, it is urgently requested that the estimate for this item be increased from \$150,000 to \$175,000.

The CHAIRMAN. Was that the principal factor which governed your recommendation for the increase—the change in the money-order blanks so as to avoid the raising of those money orders?

Mr. DE GRAW. Entirely so, sir; to make it more safe.

Mr. STAFFORD. Are you utilizing the old form of money-order blanks before instituting the new ones, or are you discontinuing them at once?

Mr. DE GRAW. We have abandoned the old form of money order.

Mr. COCHRAN. Excepting at some offices where we have not been able to supply them. All the new orders going out are the new forms.

Mr. DE GRAW. Of course they are somewhat more expensive. We

figured very closely on getting out on that, and there is no question about the requirements.

Mr. STAFFORD. How many contracts are there in existence which furnish these respective articles contained in this item?

Mr. COCHRAN. There are a very great number.

Mr. STAFFORD. Is there but one contractor for the money-order blanks?

Mr. COCHRAN. The domestic money-order blanks, yes, sir; and another for the internationals.

Mr. STAFFORD. By what method are the supplies distributed to the various post-offices? What means of transportation?

Mr. COCHRAN. Mostly by mail.

Mr. STAFFORD. Are they sent from the establishment of the contractor, or are they sent to depositories of the Government, from which place they are distributed?

Mr. COCHRAN. All excepting the heavy articles are delivered here in Washington, and the others are sent from the factories. Of course those are not sent by mail as a rule.

Mr. STAFFORD. What quantities does an office like Chicago require of these respective articles when shipped on requisition—that is, I mean, what amount in weight when shipped to offices like Chicago, St. Paul, Cincinnati, Cleveland, or Milwaukee?

Mr. COCHRAN. I think they are sent about every week to Chicago. Of course that is one of the supply divisions, and we do not have charge of that distribution.

Mr. DE GRAW. I will endeavor to enlighten the gentleman on that point. We are just at the present time endeavoring, and have been for the last several weeks, to ascertain the weight of these supplies, with a view to ascertaining if it would not be more economical to make some sort of an arrangement to send these supplies if possible by freight rather than by mail. It is one of the things that we discovered when we got the supply division.

Mr. STAFFORD. What is the difficulty in determining whether it would be more economical to send by freight than by mail?

Mr. DE GRAW. The difficulty is that we do not know how much they are costing, and that is what we are endeavoring to find out.

Mr. STAFFORD. Explain what you mean by costing. Do you mean cost of carriage or cost of manufacture?

Mr. DE GRAW. Oh, no; the question of what the freightage is aggregating.

Mr. STAFFORD. You, then, are in doubt whether it is cheaper to send by freight than by the railway mail?

Mr. DE GRAW. That is what we are endeavoring to ascertain.

Mr. STAFFORD. Whether it is cheaper to send by Railway Mail Service than by freight?

Mr. DE GRAW. That can only be obtained through the office of the Second Assistant Postmaster-General, and they are now getting out some data in that regard.

Mr. STAFFORD. It is generally agreed by people that the rates paid to the railroads for expeditious service of transporting the mail is at a higher rate than is paid for the carriage by fast freight.

Mr. DE GRAW. It is a matter that I do not know anything about, because it is not in my bureau.

Mr. STAFFORD. I did not know whether it had been called to your attention or not.

Mr. DE GRAW. No, sir.

Mr. STAFFORD. Is there anything in the nature of the commodities shipped that demands that they should be sent by mail rather than by fast freight?

Mr. DE GRAW. That is a question that I have also included in my request from the Second Assistant, upon which I would like to have him enlighten us. So far as our department is concerned I see no reason why it should not go by freight, and I am looking myself now to see why.

Mr. STAFFORD. Is there any provision in this bill, or have you made any request that a provision should be made, for the transporting of these commodities by freight where you believe that it can be done without jeopardy to the service?

Mr. DE GRAW. No, sir; there is none.

Mr. STAFFORD. Don't you think that such a provision should be embodied, and that you should make an estimate for the transportation of these commodities by freight?

Mr. DE GRAW. I think that would be entirely proper if we could have the data upon which to work. It is a rather serious question, because we do have difficulty sometimes in getting supplies in advance. A post-office may come upon us at any time and want a certain thing, and it must be sent immediately. If we sent these supplies by freight it would take probably too long.

Mr. STAFFORD. That is an exceptional case.

Mr. DE GRAW. Oh, no; there is no question about that.

Mr. STAFFORD. That could be done by mail service where expedition was required. There may be instances in the management of large stores where an emergency may arise which would demand a shipment by express, but the great bulk of their supplies are transported by freight because it is the cheapest. They may be shipped by rail, or if they are located on the water, say the Lakes, they will avail themselves of lake transportation.

What estimate can you give as to the weight yearly—the weight of these articles that are shipped through the mails?

Mr. DE GRAW. I can not give any estimate; that is what I am trying to get from the Second Assistant. They weigh the mails there, but we do not have anything to do with it.

Mr. STAFFORD. Well, that may be a hard thing to do, because when we come to the Second Assistant Postmaster-General's office, they tell us that they do not segregate the items of the different characters of mail. I should think, as your department has charge of the supplies, that you could furnish a rough estimate as to the aggregate amounts of these supplies that are furnished to post-offices throughout the country.

Mr. DE GRAW. Well, they will range all the way from two to six or eight cars a week.

Mr. STAFFORD. Being dispatched where, and being received from where?

Mr. DE GRAW. Received for our stock here, although wherever we can make a shipment from the contractor direct we always do it; but as a rule they are dispatched from here and dispatched by the Railway Mail Service.

Mr. STAFFORD. Do the contractors, in supplying you with these supplies at your depository in Washington, send them by Railway Mail Service, or by freight?

Mr. DE GRAW. They are deliverable here under the contract in all cases. With a view to economy, Mr. Cochran has established a subsupply department in the New York post-office, where the twine is handled, thus saving the shipment of that in a great many instances.

Mr. STAFFORD. Would it not be good administration to establish some such supply depositories in the principal cities throughout the country?

Mr. DE GRAW. I would say that that matter has been discussed in my office with the chief of the bureau, and we have agreed that it would be a good thing. That would come under Mr. Cochran's division.

Mr. COCHRAN. Pardon me, I do not have charge of the distribution, but I would be glad to cooperate in that.

Mr. DE GRAW. We would cooperate with you when we reach a conclusion.

Mr. STAFFORD. Having agreed that it would be a feasible and a worthy innovation, what has been done in regard to carrying out that proposition?

Mr. COCHRAN. There is one thing, Mr. Stafford, and that is, how are we going to get the help to run those places, whether they can be drafted from the post-office or whether from the Department; and if they did come from the Department, whether the Comptroller would not prohibit that being done. That is a question before the Comptroller now.

Mr. STAFFORD. Has your office any recommendation to make to this committee concerning the establishment of supply agencies throughout the country, whereby the extra expense for the carriage of these supplies by mail could be overcome in their being transported by freight?

Mr. DE GRAW. As soon as we ascertain what saving, if any, could be made, we will most cheerfully make such an arrangement.

Mr. STAFFORD. How long has the consideration been pending as to whether there will be any saving in the dispatch of these supplies amounting to \$150,000?

Mr. DE GRAW. It was one of the first things that the bureau took up immediately after receiving the division of supplies, and we are still working on that; but we can not take any steps to formulate any plans until we can get an estimate as to what it is costing to send these supplies by mail; the entire matter is involved in the present cost.

Mr. STAFFORD. Is there any support to the doubt that you held that it would be dearer to send these supplies by freight than by mail?

Mr. DE GRAW. I have not intimated that there would be any such difference; I do not intend to.

Mr. STAFFORD. I did not know whether the Second Assistant might not have also been in doubt that it would have been cheaper to send the supplies by mail rather than by freight.

Mr. DE GRAW. He has not intimated such to me.

Mr. STAFFORD. How long has the matter been under consideration by the Second Assistant?

Mr. DE GRAW. I said some weeks, but I think perhaps the call was made upon him about a fortnight ago.

Mr. STAFFORD. Having made no recommendation to this committee, nothing will be accomplished in the way of establishment of these agencies and the shipment of these supplies by freight until the fiscal year ending June 30, 1908?

Mr. DE GRAW. I fully appreciate that, and we are endeavoring to meet that end.

Mr. STAFFORD. Where are these respective supplies manufactured?

Mr. COCHRAN. Mostly in the East.

Mr. STAFFORD. Blanks, blank books, printed and engraved matter, and binding for the money-order service.

Mr. COCHRAN. Jersey City, Harrisburg, Philadelphia—I do not think there is a contractor east of New York, but there may be one in Boston. I don't handle them, although I know of the location of some of them.

Mr. STAFFORD. Is there anything that would prevent the dispatch of large quantities of these various supplies from the city of manufacture to the principal post-offices by freight?

Mr. DE GRAW. We have not been able to discover anything of that kind; that is what we are aiming at.

Mr. FINLEY. How do the contractors transport the supplies to the Department at Washington; do they send them by freight?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. Not by express?

Mr. DE GRAW. I do not know of any that come by express excepting in an emergency.

Mr. COCHRAN. And it would be a very small order.

Mr. FINLEY. Are the supplies contracted for by weight?

Mr. DE GRAW. The books are by volumes. There are none by weight to my knowledge; I have never heard of anything being purchased by weight.

The CHAIRMAN. Do you ship any supplies by freight or express?

Mr. DE GRAW. No, sir; not at present.

The CHAIRMAN. Would there be any embarrassment in the distribution of supplies if there was a provision of law prohibiting a package to be delivered through the mail of greater weight than 4 pounds?

Mr. DE GRAW. That would depend upon the exigencies of the occasion. Sometimes postmasters run out of supplies very suddenly. Good administration would not suggest a possibility of that sort. They should order them ahead of time.

The CHAIRMAN. If there were a limitation of weight in the distribution of supplies so that no individual package could be admitted to the mail in excess of 4 pounds, would it not have a tendency to stimulate those who were interested in the supplies in getting their requisitions into the Department in sufficient time to receive their supplies by other means of transportation?

Mr. DE GRAW. Undoubtedly.

The CHAIRMAN. If such a limitation as to weight were authorized and a provision made that it would go into effect not sooner than six

months after it became law, would not that be ample time in which to avoid any possible embarrassment?

Mr. DE GRAW. I think that this is in connection with the information that I am trying to receive. I think that the existing contract under which this matter is carried by mail is included in a four-year contract. If that is true, there would be nothing gained until the expiration of the contract—the railway mail contract.

The CHAIRMAN. But the railway mail contract, so called, applies to the four geographical divisions of the country, and is weighed once a year, so that would not be true as to any one of those divisions excepting the last one.

Mr. DE GRAW. Excepting the shipments from this section.

The CHAIRMAN. You refer to the fact that this particular division here was weighed very recently.

Mr. DE GRAW. That is my understanding.

Mr. COCHRAN. I think they are weighing now in Arkansas, Louisiana, and in that territory.

Mr. STAFFORD. These supplies will be continued to be shipped by mail to post-offices located in that fourth division, which is west of the Mississippi, exclusive of Missouri, Iowa, and Minnesota.

Mr. DE GRAW. If that contract covers that; yes, sir. I am not cognizant of that. That will be included in this information that we are after.

The CHAIRMAN. What character of information have you requested of the Second Assistant?

Mr. DE GRAW. I have simply requested him to give us as near as possible the average weight of supplies which are now being transported through his service—the Railway-Mail Service. I have understood that it would take a great deal of figuring and research, and they have asked me to be as patient as possible.

The CHAIRMAN. Have you any understanding, or any impression, as to when you would probably have that information?

Mr. DE GRAW. I should think that we ought to get it within the next fortnight.

The CHAIRMAN. The next item is for blanks and printed matter of urgent or special character. That is an item where there has been a decrease, from \$15,000 to \$5,000, and we are glad to see it. What is going to be omitted next year?

Mr. DE GRAW. For blanks, books, and printed matter of urgent or special character, including the preparation, publication, and free distribution by postmasters to the public of pamphlets containing general postal information, and for metallic advertising signs, and other miscellaneous items of immediate necessity for the registry system, the present appropriation is \$15,000. Estimate for the ensuing year, \$5,000. The reduction in the estimate for this appropriation is due to the fact that the service has, during the past year, been fairly well supplied with metallic signs and pamphlets containing general postal information.

The CHAIRMAN. What is meant by printed matter of an urgent character?

Mr. DE GRAW. That refers to this: That we found it necessary in the Third Assistant's Office to get out recently a pamphlet of information that could be inclosed in letters with a view to giving the senders of letters information about addressing, so as to decrease, if

possible, the amount of matter which goes to the Dead-Letter Office because of being improperly addressed; anything of that sort where we want to get information to the public.

The CHAIRMAN. This recommendation for distribution by postmasters is a new recommendation. The law has never heretofore provided for their distribution by postmasters.

Mr. DE GRAW. Well, the idea of these pamphlets, as I understand it, was prepared entirely by the Third Assistant Postmaster-General before the Bureau came over to me. It is a little green book, and the idea is to have it on the desk.

The CHAIRMAN. I am speaking about the distribution. In your recommendation here you ask for distribution by postmasters, and that service has never yet been a part of the law. Is it the intention to change the method of distribution?

Mr. DE GRAW. No, sir; I don't think there is anything of that character, simply to have the postmasters distribute them by hand, and give them out to the people that come into the office.

The CHAIRMAN. Are you prepared to inform the committee what amount of money has been expended in the last fiscal year for the publication and distribution of that pamphlet?

Mr. DE GRAW. It is very little; I do not know the exact amount. I could not say definitely, but only a few thousand dollars probably.

The CHAIRMAN. Before leaving that item I want to call your attention to the fact that your estimate omits carbon paper in the item just above there for blanks, blank books, and so forth.

Mr. DE GRAW. I think that is unintentional.

The CHAIRMAN. Is that an oversight?

Mr. DE GRAW. Oh, yes, sir.

Mr. STAFFORD. What is the need in the service of having metallic advertising signs rather than the ordinary cardboard signs?

Mr. DE GRAW. Well, only the durability. The same thing applies to cardboard on the city delivery boxes. If you have metallic signs they last very much longer than cardboard. It is a question which is the cheapest.

Mr. STAFFORD. Are there any metallic signs in the service which contain the schedules of mail collections in the collection boxes?

Mr. DE GRAW. I do not know of any. There have been estimates submitted for that; there has been an effort on the part of manufacturers to have the Department adopt something of that kind.

Mr. STAFFORD. Is it approved by the Department?

Mr. DE GRAW. We were considering that when that Bureau went to the First Assistant's Office. That comes under the city delivery.

Mr. STAFFORD. Is there any other case where there would be need of metallic advertising signs rather than printed signs?

Mr. DE GRAW. I do not know of any.

Mr. STAFFORD. As far as substituting metallic signs for the cardboard signs in the collection boxes, I should think that the frequent changes of collections and the need of using these signs only temporarily would operate against the use of the metallic sign.

Mr. DE GRAW. The changes are frequent.

Mr. STAFFORD. Yes; in growing towns where they are getting added service they are quite frequent.

Mr. DE GRAW. Of course in the growing towns the changes would be more frequent than in the established cities.

The CHAIRMAN. Could you tell, Mr. De Graw, what proportion of this item has been unexpended under the current year?

Mr. DE GRAW. No, sir; that has never come to my hands.

The CHAIRMAN. Have you any information upon which you can inform the committee as to the amount expended from this item during the fiscal year of 1905?

Mr. DE GRAW. No, sir; I have not.

The CHAIRMAN. I observe from the report of the Postmaster-General for 1905, at page 651, that the expenditure from this item is given at but \$23.16 for the fiscal year 1905, and the same amount appears in the report of the Auditor. Is it possible that only that amount of money from that item was expended; and if so, what is the need of this \$5,000 appropriation?

Mr. DE GRAW. The \$5,000 was estimated simply on an emergency. Of course we are apt to be called upon to get out a circular, or something of that sort, for information of the public in an emergency.

Mr. STAFFORD. Do I understand that all the blanks, books, and printed matter used in the registry system are paid for out of this item, or only the miscellaneous items of immediate necessity?

Mr. DE GRAW. Urgent or of special character. This is all we have for the registry system.

Mr. STAFFORD. All that will be necessary to furnish the registry system with blanks, books, and printed matter during the coming fiscal year will, in your opinion, be but \$5,000?

Mr. DE GRAW. That is the way we figure it now.

Mr. STAFFORD. Under what item in the bill is the amount provided to furnish the supplies in the registry division?

The CHAIRMAN. Did not that heretofore come out of the appropriation for registered package, tag, and official envelopes?

Mr. DE GRAW. I think very likely. As turned over to us we understood that this \$5,000 would be all that we would require out of the general post-office appropriation for the registered matter. They have very few books.

The CHAIRMAN. They have no special stamps?

Mr. DE GRAW. Oh, no; it is just to keep the records—small, cheap books.

Mr. STAFFORD. But the registry system does use large quantities of books, and if they do, where is the appropriation for those blanks and books?

Mr. COCHRAN. I think under stationery for the postal service.

The CHAIRMAN. Probably under that old appropriation for registered package, tag, and official and dead-letter envelopes, which heretofore was \$211,000, and which is now covered in this general item of stationery supplies.

Mr. COCHRAN. The blank books required will probably come out of the appropriation for stationery for the postal service.

Mr. STAFFORD. That item only refers to the envelopes which are included now in the new items.

The CHAIRMAN. But my suggestion was that in all probability the expenditures to which you refer heretofore came out of the item of appropriations for the registry system under the Third Assistant's department, and all supplies for it were under the Third Assistant until the recent reorganization. On pages 650 and 651 of the Report

of the Postmaster-General appears all of the items for the Third Assistant. The only two items which covered anything connected with the registry service was registered package, tag, and official and dead-letter envelopes, and blanks, blank books, etc., for the registry system. The Auditor, in all probability, will be able to throw some light upon that.

The next item for supplies, including letter boxes, package boxes,

The next item is for supplies, including letter boxes, package boxes, etc., for the city-delivery service. You recommend a decrease there of almost 50 per cent.

Mr. DE GRAW. For supplies, including letter boxes, package boxes, posts, furniture, satchels, straps, baskets, etc., for the city delivery, the current appropriation covering these items is \$300,000. Under the recent order of the Postmaster-General, "incidental expenses, including freight, drayage on supplies, repairing and erecting letter and package boxes and posts, painting letter boxes, repairing clocks and other equipments, maps, and miscellaneous," involving estimated expenditures of \$40,000, will hereafter be authorized by the Office of the First Assistant Postmaster-General, which amount appears in the estimates for that Office. One hundred and sixty thousand dollars is estimated to be sufficient for the purchase of letter boxes, package boxes, posts, furniture, satchels, straps, baskets, etc., which are now purchased out of this \$300,000 appropriation, making a reduction of \$100,000 in the aggregated estimates of both Bureaus for these items. The total amount expended for the year ended June 30, 1905, was only \$103,406.39; but owing to the abnormal conditions following the recent investigation and the stock of material found to be on hand, the expenditures for that year can not be considered as a fair basis for the present estimate, which it is not considered safe to place lower than \$160,000, as the purchase of supplies will amount to at least \$50,000 and a large number of package boxes will have to be renewed.

The CHAIRMAN. What do you mean by baskets?

Mr. DE GRAW. Baskets for carrying things about post-offices.

The CHAIRMAN. Do I understand that there was expended last year \$103,406.39 on the items enumerated in this particular item, as at present furnished, or did a portion of that sum cover the items which you enumerated that are at present transferred to the First Assistant's Office?

Mr. DE GRAW. That was the total amount.

The CHAIRMAN. For all service?

Mr. DE GRAW. Yes, sir.

The CHAIRMAN. Can you tell the committee what amount of expenditure during the last fiscal year was incurred for the items which are now enumerated under this particular item, which will be under your control?

Mr. DE GRAW. I can not give you that in detail.

The CHAIRMAN. Where do you get your figures of \$103,406.39?

Mr. DE GRAW. We took that from the various amounts as obtained from the city-delivery department before it left the Office of the Fourth Assistant.

The CHAIRMAN. The appropriation for the fiscal year of 1905 of \$300,000 covered not only the items you have just mentioned as

enumerated under your control, but those which have recently been transferred to the First Assistant under the \$40,000 item; is not that true? In other words, there was but one appropriation last year.

Mr. DE GRAW. There was a considerable amount. I don't remember the exact amount that was turned back unexpended.

The CHAIRMAN. Let me call your attention to the report of the auditor for the fiscal year 1905 as it appears on page 709 of the report of the Postmaster-General for the same year, under the office of the Fourth Assistant Postmaster-General, item of city free-delivery service, subhead of incidental expenses; appropriation, \$300,000; expended \$60,227.72. Now, does not that refer to this particular item of \$300,000 appropriation?

Mr. DE GRAW. Yes, sir.

The CHAIRMAN. And would it not appear from that report that there was expended in that year only \$60,227.72, instead of \$103,403.39?

Mr. DE GRAW. It would indeed, from those figures.

The CHAIRMAN. I am wondering if there is some mistake in my explanation of them, and if there is not, then there must be some mistake in your figures. If the figures I have just read are correct, then your estimate of the \$160,000 even is too great, because you have added certain things based on the expenditure of \$103,000.

Mr. DE GRAW. That is true.

Mr. SNAPP. It is too great by \$140,000.

Mr. DE GRAW. I see your point, Mr. Chairman; I have not the data to answer that.

The CHAIRMAN. Be kind enough to make a note of that and let us know the facts.

Mr. DE GRAW. Yes, sir; I understand.

The CHAIRMAN. Are there any other questions on that item?

Mr. STAFFORD. In this item how much was expended during the last fiscal year for the respective articles there mentioned?

Mr. DE GRAW. Well, I haven't the data for that, either.

Mr. STAFFORD. Can you furnish the committee with that?

Mr. DE GRAW. Yes, I can furnish it.

Mr. STAFFORD. And will you also include the amount that has been expended for the respective articles up to the present time during the present fiscal year?

Mr. DE GRAW. You want the amounts of all these incidental expenses, do you?

Mr. STAFFORD. I would like to have the amounts expended for letter boxes, package boxes, posts, furniture, satchels, and straps used in the city-delivery service during the fiscal year 1905, and that which has been expended up to the present time during the present fiscal year.

Mr. DE GRAW. All right, sir.

Mr. STAFFORD. You say you have a large supply of some of these articles on hand, which will equip the service for some time to come?

Mr. DE GRAW. Yes, sir.

Mr. STAFFORD. With what articles are you so supplied?

Mr. DE GRAW. Especially with letter boxes.

Mr. STAFFORD. Street letter boxes. We have found numerous contracts covering supplies of letter boxes on hand which were con-

tracted for several years ago, and we find we have sufficient of those boxes to run us through. That is the principal item of expense.

Mr. STAFFORD. Run you through how long?

Mr. DE GRAW. It depends on how rapidly the cities grow and demand the boxes; there is no question about the present fiscal year.

Mr. STAFFORD. How about having sufficient supply to run you through the coming fiscal year of 1907?

Mr. DE GRAW. I mean as to 1907.

Mr. STAFFORD. Have you any supply on hand of any of the other articles that will be available at the beginning of the next fiscal year?

Mr. DE GRAW. Yes; posts for letter boxes, which is quite an item. They are quite expensive; I think they run about the same as letter boxes themselves.

Mr. STAFFORD. How about the package boxes?

Mr. DE GRAW. I don't know as to that particular item. These items are all, you understand, under the reorganization under the First Assistant, as applying to post-offices, of course. We can not tell how much growth there will be in the service to require them.

Mr. STAFFORD. Do I understand that the First Assistant under the reorganization will have charge of the distribution of the letter boxes and package boxes and these other items here?

Mr. DE GRAW. Everything pertaining to post-offices.

Mr. STAFFORD. Why does it come under you?

Mr. DE GRAW. We contract for them through Mr. Cochran's bureau.

The CHAIRMAN. And they are distributed to the First Assistant's bureau.

Mr. STAFFORD. What furniture is furnished to the post-offices out of this item?

Mr. DE GRAW. That takes in the general furniture. I think, doesn't it?

Mr. COCHRAN. No, sir.

Mr. STAFFORD. The free delivery furniture?

Mr. DE GRAW. I mean city delivery furniture; desks for the post-offices for making up their routes and things of that character.

Mr. COCHRAN. Mostly only the rural carriers, the tables and distributing cases.

The CHAIRMAN. It could not come under this item, because it is limited to the city delivery service.

Mr. DE GRAW. They have certain desks there that we have requisitions for once in a while.

Mr. COCHRAN. There is not very much, because in the public buildings the Treasury Department furnishes it, and in these buildings the lessor furnishes it. Occasionally there will be a case where the Department will have to provide them.

Mr. STAFFORD. And in those cases they will be paid for out of this item?

Mr. COCHRAN. Yes, sir.

Mr. STAFFORD. You will furnish a statement giving the segregated expenses of these various items?

Mr. DE GRAW. Yes; I will be very glad to do that. I will send the whole thing up to you in detail.

Mr. FINLEY. A rural carrier's desk would come under this item also?

The CHAIRMAN. It could not possibly come under this.

Mr. FINLEY. I thought he said so.

The CHAIRMAN. Maybe he did; but he is mistaken on that point. On page 44 of the Estimates there is an item covering that.

Mr. FINLEY. Do you know how supplies of this character are shipped out?

Mr. COCHRAN. Letter boxes, package boxes, posts, and furniture will be sent by freight; satchels and straps will be sent by mail; baskets over 6 would be sent by freight.

Mr. FINLEY. You say it would be; but I am asking you what is the actual practice.

Mr. COCHRAN. That is the practice; that is what I meant to say.

Mr. FINLEY. Then, in case of other office furniture, how is that sent; in the same way?

Mr. COCHRAN. It would be almost entirely by freight. For instance, we will send a typewriter occasionally by mail so it will be carried by hand instead of being put into a pouch.

Mr. FINLEY. How would you send a canceling machine; how would one be sent?

Mr. COCHRAN. They have been sent by mail. I don't know what the present practice is, having nothing to do with them at all. The First Assistant, when that matter was taken up with him with a view of taking the motors out—that is usually what is sent, not the machines themselves. They are installed by the person who rents them, at his own expense; he has to deliver them and set them up; but we do have to renew motors, and we took up with the First Assistant some time ago—more than a year ago—the question whether it was not possible to keep those out of the mail, and he said that if they did not go in the mail they would have to be sent by express.

Mr. FINLEY. Do you know of any practice in the postal service in the way of sending furniture—billiard tables, and post-office furniture—through the mails?

Mr. COCHRAN. No, sir; post-office furniture is not sent through the mails.

Mr. FINLEY. Do any of the Departments other than the Post-Office Department ship matter such as I have mentioned through the mails?

Mr. COCHRAN. Yes, sir; I was inspecting the post-office at Fort Riley, Kans., once, and the postmaster was complaining that they shipped everything through the mails there except their mules.

Mr. FINLEY. He was making that complaint; was it true?

Mr. COCHRAN. Of course that was an exaggeration. They do use the mails to a very great extent.

Mr. GARDNER. The army posts?

Mr. COCHRAN. Yes, sir.

Mr. FINLEY. Do you know anything of the Treasury Department shipping an iron safe through the mail?

Mr. COCHRAN. No; I have not heard of that.

Mr. FINLEY. Have you any reason to doubt its being true?

Mr. COCHRAN. I have not.

Mr. FINLEY. Do you know of any shipments through the mails by the Treasury and other Departments of matter of that character?

Mr. COCHRAN. No, sir; I haven't any specific knowledge of that. When I spoke of post-office furniture and said that was not sent

through the mails, I meant it was not sent by the Post-Office Department through the mails; I see now that it might possibly have been sent by the Treasury Department, because they do handle post-office furniture.

Mr. FINLEY. And you do not know whether they sent it through the mails or not?

Mr. COCHRAN. No; there was never any serious complaint brought to my attention when I was chief inspector. It would not come to me now in any event. There was an attempt some years ago to place the 4-pound limit on mail matter and it didn't operate very successfully; it was construed to mean a single package, and so it was evaded by an official who wanted to ship more than that by getting a sack and putting it in and shipping the sack, and it was construed not to apply to that. The Agricultural Department some time ago complained to me that a postmaster in Arizona had refused to accept a large section of a tree that they wanted to send through the mail, and I told him he was justified in refusing, and they wanted to know what arrangements I could make so he would be authorized to carry it. I told him I couldn't make any and didn't wish to.

Mr. FINLEY. What was the size of the tree he wanted to ship?

Mr. COCHRAN. By that I do not mean a sawed log; it was a large tree trunk, but probably only a section 8 or 10 inches across, so as to show the grain and character of the wood. I understood that is what they wanted to send.

Mr. FINLEY. Why could not the Agricultural Department have that shipment made by freight and pay for it out of the funds appropriated for the Agricultural Department?

Mr. COCHRAN. That is what the Post-Office Department suggested to them.

Mr. FINLEY. In cases where shipments like that are made through the mails by other Departments of the Government is it not done in order that they may avoid payment of freight charges out of the appropriations for their particular Department?

Mr. COCHRAN. I think so.

The CHAIRMAN. Was there any violation of law in the shipping of those articles by mail that you have just referred to?

Mr. COCHRAN. No, sir.

The CHAIRMAN. The law authorizes it in reference to the departmental official matter?

Mr. COCHRAN. Yes, sir.

Mr. FINLEY. Is it a statute or a regulation?

Mr. COCHRAN. It is a statute.

The CHAIRMAN. That was given yesterday when you were not here.

Mr. FINLEY. All right, then.

The CHAIRMAN. It is in the record.

Mr. STAFFORD. What was the law or regulation you referred to in which it was attempted to limit the weight of an individual package to 4 pounds, and when was that attempted?

Mr. COCHRAN. That, according to my recollection, was about six or seven years ago, Mr. Stafford. It was held to apply to all the offices except Washington. I was out in the field at that time as an inspector, and I remember distinctly how it was evaded. For instance,

the clerk of a court at Topeka, we will say, when he was preparing to move the records to hold court at Wichita, wanted to ship his books by mail and the postmaster would not take them under labels, and so the postmaster borrowed a sack and put the addressed label in the slide and shipped the sack.

The CHAIRMAN. At all events, that limitation would prevent the shipment of a tree or an iron safe?

Mr. COCHRAN. Yes, sir.

Mr. STAFFORD. Was this a matter of regulation or was it substantive law, limiting it to 4 pounds?

Mr. COCHRAN. It was regulation.

Mr. FINLEY. Has that regulation been superseded or abandoned in practice?

Mr. COCHRAN. I think it has.

Mr. FINLEY. For what reason?

Mr. COCHRAN. I do not know.

Mr. FINLEY. Who would control that regulation in its operation, or supersede it or set it aside?

Mr. COCHRAN. It would possibly be the Third Assistant; but when it was in operation I was not in position to know as much about the Department regulations as now; I was then out in the West.

Mr. FINLEY. Do you think the Third Assistant would have charge of that now?

Mr. COCHRAN. I think he would, or I could get the information for you.

Mr. FINLEY. My question was intended to bring out under whose jurisdiction the enforcement of a regulation like that would come, or its nonenforcement or its repeal.

Mr. COCHRAN. Well, I am very clear that it would come either through what is known as the correspondence division or the Third Assistant. Of course, the Railway Mail Service would be interested, but I do not think they would have the right to exclude. Just exactly which it is, I am not sure.

The CHAIRMAN. I wish to ask one question, Mr. De Graw, in reference to the next item appropriating for postmarking, rating, and money-order stamps, and repairs to same; ink and pads for stamping and canceling purposes. You provide for ink and pads. Is that the only item under which you make provision for the purchase of ink for the various postal uses?

Mr. DE GRAW. That is all we have any knowledge of; we make all these. That, I think, covers everything, doesn't it, Mr. Cochran?

Mr. COCHRAN (reading):

Ink and pads for stamping and canceling purposes, and year blocks for old post-marking stamps, not to exceed four consecutive years for each stamp, \$35,000.

The CHAIRMAN. Does all the ink that is purchased for the post-offices throughout the country or for the Department come out of that item?

Mr. COCHRAN. Not writing ink; no, sir.

The CHAIRMAN. Under what other appropriation do you buy ink?

Mr. COCHRAN. Stationery, I think, sir.

Mr. STAFFORD. What supplies do you include under the general term stationery, for which the appropriation is asked in the item as found on page 39 of the draft of the bill?

Mr. COCHRAN. Paper, pens, pencils, ink, mucilage, rubber bands, and I don't know the whole list, it is quite extensive.

Mr. STAFFORD. Any books?

Mr. COCHRAN. Yes, sir; some books.

Mr. STAFFORD. Any blanks or bound books necessary for the registry system?

Mr. COCHRAN. Stationery for the postal service; yes, sir.

Mr. STAFFORD. Particularly any books necessary for the registry department?

Mr. COCHRAN. I think so, sir.

Mr. STAFFORD. What are "year blocks for old postmarking stamps?"

Mr. DE GRAW. They are the little blocks that you put in the postmarking stamps to change the year, the same as you do the date.

Mr. GARDNER. The year block is the block that has the figures on it indicating the year?

Mr. DE GRAW. Yes, sir.

Mr. STAFFORD. Do you know how much of this item has been expended during the present fiscal year?

Mr. DE GRAW. No, sir; not for the present year.

Mr. COCHRAN. I can give you up to January 31.

Mr. STAFFORD. I would like you to give me that.

The CHAIRMAN. The law, Mr. Stafford, for the fiscal year ending June 30, 1906, contains this item:

For postmarking and rate stamps and repairs to same, and ink and pads for stamping and canceling purposes, and for old postmarking stamps, not to exceed four consecutive years for each stamp, \$35,000.

Mr. STAFFORD. I can only say in explanation of my question that under the draft of the bill I have before me there is no such assertion.

The CHAIRMAN. Are you questioning the law?

Mr. STAFFORD. No; it must have been inserted somewhere else besides this committee; I am not questioning the law; no.

Mr. COCHRAN. In answer to your other question, I would say \$17,076.33 from July 1 to January 31, 1906—that is, postmarking and rating stamps.

Mr. FINLEY. And the same rate of expenditure to the end of the fiscal year would exhaust the appropriation, would it not?

Mr. COCHRAN. Just about, sir. You see we have a little over half that left.

Mr. STAFFORD. Is there any unusual period during the year when a greater supply is called for out of this item for postmarkings, money-order stamps, etc.?

Mr. DE GRAW. Not to my knowledge; I have not had it long enough to tell you; only a little over a month.

Mr. COCHRAN. It runs fairly even.

Mr. DE GRAW. I should not think there was any month it should be.

Mr. STAFFORD. I thought possibly the various offices might make requisition at the end of the fiscal year or the beginning of the calendar year, so that there would be more demand in those seasons.

Mr. DE GRAW. From the brief experience I have had I would not think that that was so.

Mr. COCHRAN. You see the stamps are wearing out constantly, and they make requisition for them any time.

The CHAIRMAN. I think that was a Senate amendment, because it was not a part of the bill as reported to the House.

Mr. STAFFORD. Very likely. I only asked the question for information; I did not know how it got in there.

The CHAIRMAN. I want you to explain the necessity for a 20 per cent increase for the appropriation for letter balances and scales.

Mr. DE GRAW. That is brought about in this way. For letter balances, scales, test weights, and so forth, and for tape measures the current appropriation is \$12,500, in the estimates \$15,000, an increase of \$2,500, which is made necessary by the introduction of scales of 12 pounds in capacity, which are now required by post-offices in weighing parcels-post packages in accordance with the terms of a recent international postal convention. The 12-pound scales, as I understand it, Mr. Cochran, were not required heretofore?

Mr. COCHRAN. They have been used this year.

Mr. DE GRAW. I mean prior to this international postal convention.

Mr. COCHRAN. No; they were not.

Mr. DE GRAW. And that is entirely based on that item, Mr. Chairman.

Mr. FINLEY. I have no doubt I could ascertain by looking up records, but what would be the postage on a 12-pound package of the character mentioned by you?

Mr. DE GRAW. I would have to look up the records on that myself. The postage on it, you know, we do not handle at all, just the supply end of it.

Mr. SNAPP. The weight of the package, however, is limited to 11 pounds, is it not?

Mr. DE GRAW. Yes, sir; it is a 12-pound scale, just to cover that.

The CHAIRMAN. I have no questions to ask with reference to any items of the bill until we reach the items at page 43, relative to copying presses and typewriting machines. Have any members of the committee any questions they wish to ask on any of these intervening items?

Mr. STAFFORD. I would like to inquire as to the item at the bottom of page 42, so far as books of an urgent nature are provided for, as to what are included under that designation?

Mr. DE GRAW. That is on page 42, what item is that under?

Mr. STAFFORD. The bottom of page 42.

The CHAIRMAN (reading):

For printing facing slips and cutting same, card-slide labels, blanks, and books of an urgent nature.

Mr. DE GRAW. That is on the same principle of the books of information that we spoke about, any emergency matter that may come up every once in a while and which is necessary in keeping the accounts of the office, some little change where it becomes necessary to supply a book of that character—simply an emergency clause in relation to books.

Mr. STAFFORD. Referring to the item for wrapping twine and tying devices, how much has been expended up to the present time during the present fiscal year?

Mr. DE GRAW. Mr. Cochran, can you tell that?

Mr. COCHRAN. \$99,514.

Mr. STAFFORD. Do you estimate that there would be a balance in that item remaining at the close of the year?

Mr. COCHRAN. I think there will be; I think the appropriation is ample.

Mr. STAFFORD. How much of a surplus will there be?

Mr. COCHRAN. I can not tell. This includes all the twine that has been ordered, not delivered; we have a great many orders out because we have difficulty in getting a sufficient supply here to keep the service going; but we will probably have \$10,000.

Mr. STAFFORD. What is the need for 25 per cent increase in the item for printing facing slips and cutting same, from \$20,000 to \$25,000?

Mr. COCHRAN. I can only judge from what we had before; we had to get a deficiency appropriation last year.

Mr. STAFFORD. Will any deficiency appropriation be required for the present year?

Mr. COCHRAN. No, sir; I think not, sir. I am only going, however, on the ratio of expenditures.

Mr. DE GRAW. We are trying to prevent that, Mr. Congressman.

The CHAIRMAN. I will ask you concerning the items providing for copying presses, typewriting machines, envelope-opening machines, and so forth. There has been a supplemental estimate since the original estimate, and I will request you to make explanation of this item in detail.

Mr. DE GRAW. For the purchase or exchange—those words—have you now those words in the bill?

The CHAIRMAN. No, sir.

Mr. DE GRAW. Purchase or exchange?

The CHAIRMAN. No, sir; the bill as recommended originally—that is, as covering the original estimates—would read as follows:

For copying presses, typewriting machines, envelope-opening machines, computing machines, numbering machines, and machines not otherwise specifically appropriated for, and for miscellaneous articles purchased and furnished directly to the postal service, \$30,000.

Mr. DE GRAW. Yes, sir; Under January 23 the Postmaster-General sent you a revision of that paragraph.

The CHAIRMAN. Yes, sir.

Mr. DE GRAW. Then I will read it as we would like to have it appear:

For the purchase or exchange—

Now, that exchange might be explained. That is so we can take these old typewriters off the hands of the postmasters where they are practically worn-out. Under the law now we can not make an exchange; we can simply purchase, and at the post-offices throughout the country there are a great many typewriting machines that are practically worn-out. Hence we want those words in there, "or exchange," so we will be able to use the old typewriters in getting new ones. We want to do just as any commercial house does if it is going to get a new typewriter; it wants to turn in the old one in exchange, in part payment.

[Reading:]

"For the purchase or exchange of copying presses, typewriting machines, envelope-opening machines, computing machines, number-

ing machines, and machines not otherwise specifically appropriated for, and for miscellaneous articles purchased and furnished direct to the postal service" is a consolidation of an item of \$14,000 heretofore appropriated for the money-order service and an estimated amount of \$15,000 of the miscellaneous appropriation of \$225,000 administered by the division of salaries and allowances under the First Assistant Postmaster-General. Under the recent order of the Postmaster-General the major portion of this appropriation will continue to be administered by the Office of the First Assistant Postmaster-General in the shape of allowances to postmasters.

The following articles, however, formerly chargeable to this appropriation will hereafter be purchased by this bill, namely: Baskets, copying presses, typewriters, typewriter oil, brushes, trucks, flags, money satchels other than for money-order use, book racks, water coolers, stoves and stovepipes, electric fans, numbering machines other than for money-order use, mimeographs, wide desk baskets, waste sacks, pans, copying cloths, stamp racks, mailing cases, filters, and clocks.

In the preparation of the original estimates for this consolidated item the fact was overlooked that a large number of miscellaneous items were purchased for the money-order service out of the current appropriation of \$10,000. For exchange on drafts and necessary miscellaneous expenses of the money-order service, as the payment of exchange on drafts, heretofore amounting to about \$2,000, has been discontinued; the bureau of the First Assistant Postmaster-General made no estimate covering that item, and consequently no estimate was made covering any of those miscellaneous supplies, such as cutters, money tills, trays, exchange-list books, lead seals, blotters, baths, copying cloths, ringers, wood alcohol, strawboard, money satchels for the money-order business, tins used in the money-order service, brushes, baskets, tubs, and so forth, amounting to about \$8,000. It is therefore of the greatest importance that this estimate for miscellaneous supplies be increased from \$30,000 to \$38,000, which we think is a very reasonable increase.

The CHAIRMAN. But it is really from \$14,000 to \$38,000, is it not? Out of what item of appropriation were any of those articles purchased heretofore other than this item?

Mr. DE GRAW. They were purchased, as I understand it, out of the \$225,000 and administered under the division of salaries and allowances.

The CHAIRMAN. What was that \$225,000 appropriated for; what was it called in the law?

Mr. DE GRAW. I do not know just what the law calls it.

Mr. COCHRAN. I think it is "miscellaneous expenses, first and second class offices."

The CHAIRMAN. I presume you refer to the item of incidental expenses which has now been limited to the \$40,000, do you not—which was originally \$300,000? You refer to the \$225,000 as though it were a single item of appropriation.

Mr. COCHRAN. A miscellaneous appropriation of \$225,000, as we have it here.

The CHAIRMAN. There was a single item of exchange on drafts necessary for miscellaneous expenses of the money-order service,

\$10,000. That you referred to. Now, what other item? A miscellaneous item of \$225,000 I do not recall. Yes, here it is—necessary miscellaneous and incidental items directly connected with first and second class post-offices, furniture, cleaning, etc., \$225,000. That has been increased, not decreased, by your recommendations, and the language has not been changed at all in your estimates. That is on page 19 of the bill.

So, if heretofore some of that has been purchased out of that item, ought not the miscellaneous item be reduced by amounts that you would purchase out of this item? If you will turn to the bill we have before us, page 19, you will find this item, and just exactly the language of the present law, except as to amount, and with the recommendation of the Department for the next year.

Mr. DE GRAW. Well, that will all be administered except the following articles I have enumerated there, and which we figure, making our estimate on the figures heretofore, will cost our bureau, independent of what the First Assistant disburses, \$38,000.

The CHAIRMAN. Now, then, what items of those you enumerated a moment ago have heretofore been purchased out of the appropriation for necessary incidental and miscellaneous items out of the First Assistant?

Mr. DE GRAW. I will have to have a little time on that.

The CHAIRMAN. You understand?

Mr. DE GRAW. Yes.

The CHAIRMAN. If you expected heretofore to make purchases of items that have heretofore been paid for out of the item of \$225,000, that \$225,000 ought to be reduced by the same amount that you have estimated an increase in this particular item; but the First Assistant come to us insisting upon an increase of that item without taking any of the language away.

Mr. DE GRAW. He does?

The CHAIRMAN. Absolutely. He asks an increase of 11.11 per cent.

Mr. DE GRAW. Then I will give you a return on that. I will have to look it up.

(Thereupon, at 1.30 o'clock p. m., the committee adjourned until tomorrow, Thursday, February 8, 1906, at 10.30 o'clock a. m.)

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Thursday Morning, February 8, 1906.

**STATEMENT OF HON. P. V. DE GRAW, FOURTH ASSISTANT
POSTMASTER-GENERAL, ACCOMPANIED BY MR. WILLIAM E.
COCHRAN, PURCHASING AGENT, AND MR. WILLIAM R. SPIL-
MAN, DIVISION SUPERINTENDENT OF RURAL DELIVERY
SERVICE.**

Subcommittee called to order at 10.35.

The CHAIRMAN (Hon. Jesse Overstreet). Mr. De Graw, I understand that you wish to make an explanation of some matter. You may proceed.

Mr. DE GRAW. In the matter of city-delivery supplies, I would like to make this explanation relative to an inquiry that was made yesterday.

The estimate of \$38,000 for miscellaneous articles is a combination of three separate items of appropriation which exist in the appropriations for the fiscal year ending June 30, 1906, namely, \$14,000 appropriated specially for the money-order service, the estimated amount of \$15,000 for the purchase of articles heretofore chargeable to the appropriation of \$225,000 administered by the division of salaries and allowances, and an item of \$8,000 heretofore included in the appropriation of \$10,000 administered by the money-order division for the payment of exchange on drafts and miscellaneous expenses. The payment of exchange on drafts having been discontinued, \$8,000 is sufficient to cover the miscellaneous items of this appropriation.

This office can offer no explanation of the necessity for an increase in the appropriation for miscellaneous articles from \$225,000 to \$250,000, which appears in the estimates for the division of salaries and allowances, which, including \$15,000 transferred into the estimates of this office, is equivalent to an increase of \$40,000 in the estimates for that appropriation. All that can be stated is that under the recent order of the Postmaster-General the following articles formerly chargeable to this appropriation will hereafter be purchased by this Bureau, namely: Baskets, copying presses, typewriters, typewriter oil, brushes, etc., trucks, flags, money satchels (other than for money-order use), bag racks, water coolers, stoves and stovepipe, electric fans, numbering machines (other than for money-order use), mimeographs, etc., wire desk baskets, waste sacks, pans (copying cloths), stamp racks, mailing cases, filters, and clocks. The estimated cost for furnishing these articles being \$15,000, this amount has been included in this estimate to cover such expense.

The item of \$14,000 in the current money-order appropriation is increased to \$15,000 in making up this consolidated estimate of \$38,000.

Now, I feel that it was only due to the committee to make that statement, because I see this matter in exactly the same way as you do; and I wish to further state: Answering your inquiry as to why the estimate for miscellaneous supplies, which we represent as being increased from \$30,000 to \$38,000, is not actually an increase from \$14,000 to \$38,000, it is explained in the fact that under the consolidation it became necessary to rearrange the appropriations, and that in this particular case there are parts of three appropriations covered in one item, which includes one entire appropriation of \$14,000 (at an estimated increase of \$1,000 for next year), for copying presses, typewriting machines, envelope-opening machines, etc., for the money-order service, and \$8,000 from the appropriation for exchange on drafts and miscellaneous expenses for the money-order service. Also an estimated amount of \$15,000 to purchase the articles cited heretofore purchased out of the appropriation of \$225,000 for miscellaneous and incidental items for first and second class post-offices, administered through the division of salaries and allowances, office of the First Assistant Postmaster-General.

The CHAIRMAN. The item of \$40,000 carried in the current law, which was for the purchase of the items enumerated, such as copying presses, typewriting machines, envelop-opening machines, etc., for the use of the money-order service, \$14,000; and you recommend an increase in that for the same purposes of \$1,000. You count the \$8,000 on account of the transfer of what is known as exchange on

drafts, which under the current law carries \$15,000. Then you count the additional \$15,000 to make up the \$38,000, for the purchase of computing machines, numbering machines, and machines not otherwise specifically appropriated for, and also for miscellaneous articles purchased and furnished directly to the postal service. These items that I have read were formerly purchased out of the item for necessary and miscellaneous expenses directly connected with the first and second-class post-offices, the current law appropriation being \$255,000.

Mr. DE GRAW. That is it exactly.

The CHAIRMAN. Then if you include the \$15,000 for this item which you think is chargeable to the appropriation for necessary and miscellaneous incidental items, which I referred to as the appropriation for \$225,000, then that last item could well be reduced by \$15,000, could it not?

Mr. DE GRAW. I don't think so, from the way we figured on the articles which will be required under this reorganization.

The CHAIRMAN. Would you understand that the First Assistant could purchase out of the appropriation known as necessary and miscellaneous and incidental accounts any of the following articles: Computing machines, numbering machines, and machines not otherwise specifically appropriated for, or articles purchased and furnished directly to the postal service?

Mr. DE GRAW. If you will permit me, I would like to have Mr. Lamar answer that more fully.

Mr. LAMAR. I think I can explain the situation in relation to these items. Under the order of the Postmaster-General all appropriations and parts of appropriations which are expended in the direct purchase of articles and issued from Washington to the postal service are now transferred to the supply division for the Post-Office Department. Heretofore such appropriations were administered through the supply division, certain others through the salary and allowance division, and certain others through the money-order division, and articles were purchased in Washington under all of these appropriations and issued directly to postmasters. Complications arose which necessitated the consolidation of all these miscellaneous items into one item.

The appropriation for salaries and allowances contains an item for miscellaneous expenses for articles purchased and furnished directly to the post-offices. Under that item typewriting machines and letter-presses and a number of miscellaneous items were furnished. They are not specially mentioned in the item itself. Then the money-order branch had a special appropriation for typewriters, copying presses, and so forth, and this item provided \$14,000 for that in the current appropriation. In addition to that there is an item in the money-order service for exchange on drafts, and other miscellaneous items. So you see we have the miscellaneous appropriation for the salary and allowance division, which does not describe them; another for the money-order division which does specifically describe things, and then we have still another miscellaneous appropriation in the money-order account. These different items have been consolidated into one appropriation.

On that item for \$14,000 for the copying presses, typewriting machines, and envelope-opening machines we have estimated that it will take a thousand dollars more above this year. That item stands alone in this consolidation; it accounts for itself; you can not reduce

it. The order of the Postmaster-General is to purchase specifically for the money-order service. Under this appropriation of \$225,000 there was purchased through the division of salary and allowances all other miscellaneous items of identical character, but they were not for the money-order section of the postal service, but the general business of the post-offices, the registry division, or other divisions of the service.

The CHAIRMAN. Railway mail division?

Mr. LAMAR. Yes; anything that came under the administration of the Postmaster-General.

The CHAIRMAN. I think it is hardly necessary to elaborate upon that.

I will ask you, Mr. De Graw, is it not true that the items enumerated in what appears on page 45 in italics have heretofore been purchased out of the so-called appropriation of the salary and allowance division known as the necessary miscellaneous and incidental items?

Mr. DE GRAW. To a great extent that is true—from both appropriations.

The CHAIRMAN. Then if this language should be approved and this appropriation should be authorized, all of these items of purchase covered by the language in italics would be purchased out of this \$38,000 appropriation and none of it would be purchased out of the miscellaneous items?

Mr. LAMAR. Yes, sir.

The CHAIRMAN. Therefore, can we not properly reduce the item in the salary and allowance division in the same amount that we can for these particular items in this appropriation; I am speaking of the computing machines and numbering machines, and these other items in the italics.

Mr. LAMAR. Unquestionably.

The CHAIRMAN. What is your official position in the Department?

Mr. LAMAR. I am in the supply division.

The CHAIRMAN. The item for exchange on drafts is entirely chargeable, is it not, to the money-order service?

Mr. LAMAR. Yes, sir.

The CHAIRMAN. By the consolidation in your department, that expenditure is considered as properly falling within this appropriation to which you have just made reference?

Mr. LAMAR. No, not chargeable; that has been discontinued.

The CHAIRMAN. Then what is this extra \$8,000 in this item for?

Mr. LAMAR. Because of the same items which provide for miscellaneous expenses of the money-order service. There is a good deal more spent for miscellaneous expenses than has ever been spent for exchange on drafts. The latter amounts to about \$2,000, while the miscellaneous expenses of the money-order service amount to about \$8,000.

The CHAIRMAN. The estimates of appropriation carried in the current law are for exchange on drafts, and miscellaneous expenses of the money-order service, \$10,000, for which no estimate has been made. You take \$8,000 of that and add to this item on account of miscellaneous expenses, and not the exchange on drafts. Is that correct?

Mr. DE GRAW. We simply ask to retain \$8,000 of that instead of \$10,000.

The CHAIRMAN. Purely on account of expenses, and not on account of exchange?

Mr. DE GRAW. Oh, no.

The CHAIRMAN. Mr. De Graw, I want to call your attention to the evidence of Mr. Hitchcock, the First Assistant Postmaster-General, with reference to the item of exchange on drafts, and miscellaneous expenses in the money-order service, being a colloquy between Mr. Hitchcock and myself:

Mr. HITCHCOCK. Mr. Chairman, regarding that item of exchange on drafts and necessary miscellaneous expenses of the money-order service, I would like to say that that will be cared for in the salary and allowance division.

The CHAIRMAN. There is no estimate for it from your Department?

Mr. HITCHCOCK. That was allowed for in the general item for miscellaneous expenses.

The CHAIRMAN. But there is no estimate of the Department for this at all. It was \$10,000 last year.

Mr. GRANFIELD. The miscellaneous appropriation of the salary and allowance division will take care of that.

The CHAIRMAN. For any exchange on drafts?

Mr. HITCHCOCK. It is not specified, but the allowances for that purpose will be made out of that appropriation.

The CHAIRMAN. For necessary miscellaneous and incidental items directly connected with the first and second class post-offices. Is that the item you mean?

Mr. HITCHCOCK. Yes; we thought that the wording of the general item would cover that matter and so we did not specify it in the revised estimates. The plan was to bring these allowances together, and to have them administered in one office, and the accounting all done in one office.

The CHAIRMAN. If you will just turn to page 19 of the bill, and to that item for necessary miscellaneous and incidental items directly connected with first and second class post-offices. I understand, under your construction, that that covers this item of exchange on drafts and necessary miscellaneous expenses for the money-order service.

Mr. HITCHCOCK. Yes, sir; that was our purpose.

That is diametrically opposite to your construction. Can you reconcile that?

Mr. DE GRAW. No, sir; I can not.

Mr. LAMAR. I think so. This item of exchange on drafts and necessary miscellaneous expenses for the money-order service, \$10,000, is a fund that the salary and allowance division has never had anything to do with. It has been entirely under the money-order service.

The CHAIRMAN. Both being under the First Assistant?

Mr. LAMAR. Yes, up to this time; but not so now. I had a talk about that matter with the man in charge of the supplies of the money-order section, Mr. Waring, and he advised us that without that provision of appropriation there would not be one dollar to be expended in the ordinary miscellaneous expense account necessary to meet all kinds of demands made on the money-order service which could not be anticipated.

The CHAIRMAN. The expense relating exclusively to exchange on drafts was taken care of under the salary and allowance division.

Mr. LAMAR. If there was any exchange on drafts it would seem to come under the salary and allowance division, but I understand that that has been discontinued. But however that may be, this miscellaneous provision in the bill is all that the money-order service has to rely upon for any extraordinary demands made upon that service not specifically covered in some item of appropriation.

The CHAIRMAN. Can you enumerate any of these miscellaneous items?

Mr. LAMAR. One item that I have in mind, which has been bought within the last two months, is cutters used in cutting money orders, and for which the salary and allowance division could not pay for under the present order of the Postmaster-General, because it is the

purchase of an article made in the city of Washington and issued to postmasters, which, under the order of the Postmaster-General, has been excluded from handling, and which goes to the division of supplies.

The CHAIRMAN. Do I understand that typewriting machines for the entire service in any of its branches would be purchased out of this item?

Mr. LAMAR. Necessarily, yes, sir; there would be no other appropriation from which they could be purchased.

The CHAIRMAN. Have you any data to show the amount of money that probably will be necessary for the purchase of typewriting machines for the Railway Mail Service?

Mr. LAMAR. No, sir.

The CHAIRMAN. Typewriting machines are included in several items in the Railway Mail Service department, estimated for in a general appropriation, amounting to \$58,500. If you are going to purchase all of the typewriters, then that item that I have just referred to might be revised by such an amount as would properly provide for the service.

Mr. LAMAR. Well, it might be, still we can not speak for the Second Assistant Postmaster-General.

The CHAIRMAN. How do you arrive at your estimate of \$15,000 to cover the items of copying presses, typewriting machines, and envelope-opening machines?

Mr. LAMAR. It comes from the \$225,000 appropriation.

The CHAIRMAN. No, sir; it comes from the old \$14,000 appropriation. You say it will take about a thousand dollars more. Do you figure \$8,000 for the miscellaneous items of expense in the Money Order Service, \$15,000 for the new items which heretofore have been purchased out of the salary and allowance division, and \$15,000 for the items heretofore covered by the \$14,000 appropriation, being copying presses, typewriting machines, and so forth?

Mr. LAMAR. There were other items added.

The CHAIRMAN. I have separated all of them. If you will turn to page 43 of the bill and take into consideration that the language in the dark type is the current law and that in italics is the recommendations of the Department, I would like to ask you how you arrive at your estimate of \$15,000 for purchases during the next fiscal year of items enumerated in black type, which heretofore have been some of the items covered by the \$14,000 appropriation. Those figures are furnished us. We have had to rely in making these figures upon the statements furnished from the different sections that go to make up the present organization of the division of supplies.

The CHAIRMAN. Did you get the estimate from the Second Assistant Postmaster-General covering any of these items?

Mr. LAMAR. We did not consult him at all.

The CHAIRMAN. They handle typewriting machines in the Railway-Mail Service?

Mr. LAMAR. In the general consolidation that took place nothing was transferred to the division of supplies from the Office of the Second Assistant Postmaster-General.

The CHAIRMAN. Then do I understand that if hereafter the Second Assistant Postmaster-General's Office wants any copying presses or typewriting machines or any envelope-opening machines that he will buy them himself?

Mr. LAMAR. It would seem to come from this appropriation, if he is to do it.

The CHAIRMAN. You have no estimate from his Office?

Mr. LAMAR. Absolutely none. There was an order in the case transferring those sections which were construed to come under the general order of the Postmaster-General, and nothing came from the Second Assistant's office.

Mr. STAFFORD. How many computing and numbering machines have been purchased during the present fiscal year and from what item?

Mr. LAMAR. I could not answer in regard to computing machines purchased for the money-order use out of the miscellaneous fund—the fund containing the exchange on drafts, I believe. They have also been purchased for the registry division out of the salary and allowance miscellaneous appropriation.

Mr. STAFFORD. I understand the word “computing” refers to adding machines.

Mr. LAMAR. Yes, sir.

Mr. STAFFORD. And the numbering machine is merely for placing on numbers?

Mr. LAMAR. Consecutive numbers.

Mr. STAFFORD. Are you aware that last year there was an estimate of \$20,000 in this item for the money-order service, consisting of two estimates—one for \$14,000, which the committee subsequently allowed, and the other for \$20,000, which included an estimate for the purpose of adding machines, and which was disallowed?

Mr. LAMAR. I am not familiar with that.

Mr. STAFFORD. Do you know whether any adding machines have been purchased for the money-order service out of any other of the miscellaneous items as contained in the present supply bill?

Mr. LAMAR. I do not.

Mr. STAFFORD. You stated that the various articles here stated in this item under consideration could not be purchased out of any other item in the Bureau as at present recommended; and in that particular I wish to call your attention to the phraseology in the miscellaneous item under the First Assistant's office, as found on page 19, which says: “All other matters not specifically provided for in other appropriations.” I would like to ask you in case the committee should strike out the words “computing machines” in this estimate on page 43, or any other designated article, whether the phraseology, as found in the clause on page 19, would not authorize the Department to purchase the designated articles?

Mr. LAMAR. If the order of the Postmaster-General is observed, it requires articles actually purchased to be purchased through the division of supplies; but possibly allowances might be made to postmasters under that phraseology which would enable them to purchase them themselves and charge to their account.

Mr. STAFFORD. Then this estimate on page 19 for necessary miscellaneous and incidental items is intended not to cover the purchase of supplies by the supply division, or by any section of the First Assistant's office, but merely for allowances to postmasters in first and second class offices for miscellaneous and incidental items.

Mr. LAMAR. Yes, sir.

Mr. STAFFORD. Then should not that phraseology be amended so as to read: “For allowances to postmasters in first and second class post

offices for necessary and miscellaneous items," so as not to vest any authority in any section of the First Assistant's office that might warrant any purchase of supplies which this committee or Congress should not deem advisable?

Mr. LAMAR. I can not answer that.

Mr. STAFFORD. Can you state positively that the miscellaneous items asked for seek only to extend to the allowances for necessary miscellaneous and incidental items for postmasters in the first and second class offices, and not for the purchase of supplies directly by the First Assistant, or any of his assistants?

Mr. LAMAR. I understand the order of the Postmaster-General to limit it in that way.

Mr. STAFFORD. How many envelope-opening machines have been purchased during the present fiscal year out of the item here in the money-order service?

Mr. LAMAR. That could not be answered offhand, but we can get the information and furnish it to the committee.

Mr. STAFFORD. Do you know whether any have been purchased?

Mr. LAMAR. I do not.

Mr. STAFFORD. It was reported last year that these envelope-opening machines were rarely called for, and that there was not any urgent need for them throughout the service. Can you speak as to the need of having adding or computing machines in the service, and what service they perform?

Mr. LAMAR. I can not; but the information can be furnished from our division.

Mr. STAFFORD. Can you give an estimate of the amount that you have allotted for the purchase of adding machines in your segregated item of \$15,000 for these articles, contained in the italics on page 43?

Mr. LAMAR. I can not; those estimates were made by the money order division before it was transferred to the division of supplies.

Mr. STAFFORD. Have you any data in the Department whereby you can furnish such an estimate?

Mr. LAMAR. Yes, sir.

Mr. STAFFORD. And also include in the report an estimate covering each article as contained in the item on page 43, for which you ask an appropriation of \$38,000?

The CHAIRMAN. An itemized statement showing how you arrive at the \$38,000 estimate.

Mr. DE GRAW. All right.

Mr. STAFFORD. And also, if you can, the number of envelope-opening machines, and the number of these various designated machines that have been purchased by the Department for use in the postal service during the present fiscal year, and the estimated amount of each.

The CHAIRMAN. In making this recommendation for the new items you have recommended computing machines, numbering machines, and machines not otherwise specifically appropriated for. What kind of machines do you refer to as "not otherwise specifically appropriated for?"

Mr. LAMAR. The supply division was not familiar with the details of expenditure under these appropriations which were being brought to the division on the order of the Postmaster-General, and the heads

of the sections which made these purchases before were consulted in the preparation of these items. This suggestion came from the money-order division, from Mr. Waring, who stated that the Money-Order Service at different times had found it advisable to introduce new and better methods, and that matters had been brought to their attention that were not known at the time the appropriations were made, and could not in the nature of things be specifically provided for.

The CHAIRMAN. You could buy a sewing machine under this authority, couldn't you?

Mr. LAMAR. I think it would be added to the postal service.

The CHAIRMAN. Who drafted that language?

Mr. LAMAR. That section was drafted in the money-order division.

The CHAIRMAN. It is quite evident that the item needs further scrutiny and revision.

Mr. FINLEY. Is it not a fact that the duplication of language has arisen because of the transfer of this branch of the service to another department?

Mr. LAMAR. The whole difficulty comes from that.

Mr. DE GRAW. That is where it all comes from. Heretofore each department had its own supply division; now it is concentrated under one division.

Mr. FINLEY. This confusion has arisen because of the transfer and want of knowledge of the accounts.

Mr. DE GRAW. In another year we will have that; we will be in shape so that we can explain all of these items. Now it is almost impossible unless we go through the contracts of each one of these divisions.

Mr. STAFFORD. Does your department as at present organized contemplate the purchase of furniture as needed in first and second class post-offices throughout the country, such as file cases and the like?

Mr. COCHRAN. I think it would be very seldom that anything like that would be bought; the Treasury Department furnishes those.

Mr. STAFFORD. In exceptional cases where furniture is necessary in leased quarters, and first and second class post-offices.

Mr. COCHRAN. That would come through the salary and allowance division of the First Assistant Postmaster-General's Office.

Mr. STAFFORD. Not under your jurisdiction?

Mr. COCHRAN. No.

Mr. STAFFORD. By reason of what order?

Mr. LAMAR. It would be an allowance to a postmaster instead of a purchase.

Mr. SNAPP. Mr. Cochran has furnished the contract price, and the selling price of stamped envelopes, and I would like to ask him some questions upon it. Please give the contract price and the selling price of the different numbers of stamped envelopes furnished to the public, and the profit to the Government on each class.

Mr. COCHRAN. No. 1, 2 cents, first quality; contract price, 63 cents a thousand. Contract price, including value of stamps, \$20.63. Selling price per thousand, \$21.12. Profit per thousand, 49 cents.

No. 2, 1 cent, first quality; contract price per thousand, 66 cents; price, including value of stamps, \$10.63; selling price, \$11.20; profit, 54 cents.

No. 2, 2 cents, first quality; contract price per thousand, \$20.66; selling price per thousand, \$21.20; profit per thousand, 54 cents.

No. 2, 2 cents, second quality, contract price per thousand, 55 cents; contract price, including stamp, \$20.55; selling price, \$21; profit, 45 cents.

Mr. SNAPP. Will you please state the minimum and the maximum profit on the different classes of stamps and different classes of envelopes furnished to the public?

Mr. COCHRAN. The lowest is 24 cents a thousand on No. 6, ungummed for circulars. There are three on which the profit is 75 cents; No. 7, 4 cents; No. 12, which is the newspaper wrapper, 75 cents, and No. 7, 75 cents.

Mr. SNAPP. Who fixes the selling price of these stamped envelopes?

Mr. COCHRAN. The Third Assistant Postmaster-General, subject to the approval of the Postmaster-General.

Mr. SNAPP. What governmental expense of distribution or other expense will have to be paid out of the apparent profit to the Government?

Mr. COCHRAN. Clerk hire, stationery, and such things as that; the ordinary expenses of running a post-office.

Mr. SNAPP. How are these stamped envelopes distributed to the different postmasters; are they sent direct from the contractor to the different postmasters throughout the country?

Mr. COCHRAN. Yes, sir.

Mr. SNAPP. By mail?

Mr. COCHRAN. By mail, usually.

Mr. SNAPP. At the expense of the contractors?

Mr. COCHRAN. No; at the expense of the Government.

Mr. SNAPP. Do I understand you that the contract had been made before the division of supplies was established?

Mr. COCHRAN. Yes; before the office of purchasing agent was established.

Mr. SNAPP. Have you ever figured it up to ascertain whether there is any profit to the Government in supplying these stamps and stamped envelopes that you describe?

Mr. COCHRAN. I have not. I have never studied that matter.

The CHAIRMAN. The next item is for pay of letter carriers and clerks in charge of substations of rural delivery service, \$28,825,000. Mr. De Graw, you may explain your recommendation for this appropriation.

Mr. DE GRAW. Conditions having very materially changed since August 16, 1905, when estimates of appropriations required for the rural free-delivery service for the fiscal year ending June 30, 1907, were submitted, I have to submit the following supplemental statement relative to the estimates for the appropriation for the pay of rural letter carriers.

In estimating for the item for "Pay of letter carriers," the following computations were made:

Pay of 32,055 carriers in the service June 30, 1905, at an estimated average salary of \$709.12 per annum	\$22, 730, 804
Pay of carriers on 6,119 routes to be installed during the current fiscal year, at an estimated average salary of \$696 per annum	4, 258, 824
Total to maintain service	26, 989, 628

The estimate of the amount necessary for the inauguration of new service during the ensuing fiscal year was based upon the number of petitions filed and the number of favorable reports during the fiscal year just passed, and allowing for a decline in the number of petitions filed and cases favorably reported, it was believed that an average of 420 routes per month could be inaugurated, which would amount to 5,040 carriers; and to inaugurate this service at an average salary of \$696 per annum it would require

\$1,834,900

Total for the pay of rural letter carriers..... 28,824,528
This total was incorporated in the estimate in round numbers, namely. 28,825,000

Since the estimates were submitted 24 routes have been discontinued, so that the number of carriers in the service June 30, 1905, has been reduced from 32,055 to 32,031, and at an average salary of \$709.12 per annum there will be required to maintain service and pay the salaries of these carriers

22,703,785

There have already been inaugurated during the current fiscal year routes on which 2,427 carriers are employed, and orders have been issued for the installation of service, effective at future dates, involving the employment of 476 carriers, or a total of 2,903. At this rate the number of carriers which it was estimated would be appointed in connection with new service during the current fiscal year will be less than 6,119, and the number can be safely estimated at 5,000.

In the service inaugurated during the current fiscal year, the number of routes less than 24 miles in length (usually in connection with the completion of service in counties), has been great enough to reduce the estimated average salary from \$696 to \$690.

So that to maintain service on routes installed during the current fiscal year on the basis of employment of 5,000 carriers at an average salary of \$690, it will require

3,450,000

Total to maintain service in operation June 30, 1907

26,153,785

In view of the decline in the number of favorable reports received since the estimates were made up, it is believed that the number of carriers estimated for the ensuing fiscal year, 5,040, can be safely reduced to 4,560; and to inaugurate service involving the appointment of that number of carriers at an average salary of \$690 per annum would require

1,645,065

Total for the pay of rural letter carriers..... 27,798,850

It is recommended that a supplemental estimate, for the item pay of letter carriers in the Rural Free Delivery Service, be submitted, in round numbers, in the sum of.....

27,799,000

Which will reduce the estimate..... 1,026,000

The CHAIRMAN. In your judgment, with the appropriation of \$27,799,000, will you be able to care for all of the service inaugurated up to the 1st day of July, 1906, the beginning of the next fiscal year, and properly care for all installation of new service?

Mr. DE GRAW. That is our calculation, and we went over it very carefully indeed.

The CHAIRMAN. You have made no recommendation for a reduction of this estimate on account of any new policy of curtailment of service.

Mr. DE GRAW. Not in the least; no, sir.

Mr. FINLEY. I understood you to say that there has been no change in policy as to installation of rural service. Now, do you mean since the 1st of July, or at any time since the beginning of the last fiscal year?

Mr. DE GRAW. I don't think that I said there had been no change of policy. I said that these estimates were not based upon any change of policy.

Mr. FINLEY. Are they based upon any results of the policy now being followed?

Mr. DE GRAW. No, sir; these estimates were taken up about the time that the Postmaster-General adopted the policy under which we are now working.

Mr. FINLEY. Then you are operating under a new policy in reference to the extension of rural free-delivery service?

Mr. DE GRAW. Well, we are operating now—yes, sir; under a new policy, if it can be called a new policy, though there is very little difference in it.

Mr. FINLEY. Since when have you been operating under the present policy?

Mr. DE GRAW. Well, I should say during probably the last three months.

Mr. FINLEY. Don't you think you could go further back than that?

Mr. DE GRAW. I should say that would about cover it.

Mr. FINLEY. Is it not true that during the whole of this fiscal year there has been more difficulty in securing the installation of routes petitioned for, investigated, and favorably reported, than prior to the present fiscal year?

Mr. DE GRAW. I think that is true, sir.

Mr. FINLEY. Well, now, in what way? I would like your statement on that.

Mr. DE GRAW. Simply as a result of conference with the Postmaster-General when I went into office. I was sworn into office on March 17 last, and the Postmaster-General told me distinctly at that time that one of the important things to which he wanted me to devote my special attention was the adjustment of rural delivery; not that he wanted to take rural delivery from anybody, but he said, "I think you will find that the service has been installed without proper investigation, so you will find as to whether or not there is a demand for it, and, if so, before you install service, if there is any difficulty about it, or you consider that there is a lack of appreciation, proceed very carefully and have the matter investigated."

Mr. FINLEY. Just there—in reference to that investigation. I have observed that you sometimes order a reinvestigation, or what amounts to a partial reinvestigation. In the first instance, when a rural agent goes under the orders of the Department to investigate a petition, does he not pass on all of those questions; isn't that true?

Mr. DE GRAW. Practically so.

Mr. FINLEY. Isn't it his particular duty to pass upon every question involved in the proposition as to whether the route should be established or not?

Mr. DE GRAW. That is his duty; yes, sir.

Mr. FINLEY. In every case the rural agent must report, covering all of those points?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. So, then, there has been a change of policy. There were a good many questions with reference to the matter that I wish to ask on account of what I have been aware of for some time regarding a change of policy on the part of the Department, and I will try to ask them seriatim.

In the investigations you make of a route in operation you count the number of pieces of mail handled for a given time, say a quarter?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. Do you also have a count kept of the sale of stamps by carriers?

Mr. DE GRAW. Yes, sir; we keep an account of that.

Mr. FINLEY. That is a part of the account that is kept on every rural route, is it?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. Which count is the most important, with a view to enabling the Department to pass upon the question of whether conditions on a rural route are such as to warrant the Department in maintaining the service?

Mr. DE GRAW. Our custom is to take the number of pieces.

Mr. FINLEY. When you come to pass upon the question as to whether a route is to be discontinued or changed to a triweekly—you do that sometimes, don't you?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. You change routes from daily to triweekly, and in other instances you abolish the service altogether?

Mr. DE GRAW. Well, we don't aim to abolish the service; it is hardly fair to put it that way.

Mr. FINLEY. I will come to that later. Then you regard the count of the number of pieces of mail handled by the carrier on his route as being of more importance than the count of the sale of the stamps by the carrier to patrons?

Mr. DE GRAW. Yes, sir; we regard that as more important from the view point of appreciation.

Mr. FINLEY. Do you consider the sale of stamps in connection with the count of the number of pieces of mail handled? In other words, do you consider both?

Mr. DE GRAW. We consider both, of course. We do not figure how much money is coming in, but if they have a service that we feel is demanded by the people we try to do something to strengthen the route in every way possible.

Mr. FINLEY. In your count you take a quarter ending June 30, the last quarter in the fiscal year?

Mr. DE GRAW. Oh, yes; the last quarter; but we operate on different quarters as we go along.

Mr. FINLEY. Is it not true that the June quarter, or the last quarter in the South, is the poorest quarter in the entire year for the count of mail?

Mr. DE GRAW. I think perhaps that is so.

Mr. FINLEY. I happen to know that it is largely so. During the three months of April, May, and June farmers are busy planting and working their young crops, and they remain at home, not going to town on an average of more than once a week; and they haven't time to write letters. So then you had stopped the count of these carriers under a recent order, had you not?

Mr. DE GRAW. We have.

Mr. FINLEY. And you have ordered them to commence again, haven't you?

Mr. DE GRAW. We stopped that count with the count of December, the end of the calendar year, and we gave instructions then to begin it again the 1st of April.

Mr. FINLEY. You have given that order recently, haven't you?

Mr. DE GRAW. Yes, sir; it has been recent, I think probably a fortnight ago.

Mr. FINLEY. That was about the time I was at the Department, was it not, in reference to that matter?

Mr. SPILMAN. The matter was discussed previous to that. You will remember that I told you that we were going to keep the count, but we had not decided just which way we would do it, and you expressed yourself as agreeing that that was a very good thing to do. We are going to keep the count in the Post-Office, but we are not going to tabulate it as we have heretofore because it takes too many clerks.

Mr. FINLEY. Under the previous order issued you had stopped the count, except when you made a special order of the count for purposes of examination.

Mr. SPILMAN. That is right.

Mr. FINLEY. Now that you have changed that, the count will be made the entire year and kept in the local post-office, so that whenever the Department wishes to know the number of pieces of mail handled they can ascertain by inquiry there.

Mr. SPILMAN. It saves tabulation in the Department, which took a good many clerks.

Mr. FINLEY. You have stated the number of routes in the supplemental report that have been installed since June 30 up to December 19 and the number installed during the current fiscal year is 2,427.

Mr. SPILMAN. Yes, sir.

Mr. FINLEY. I was trying to bring out the number of routes installed during the current fiscal year up to December 19. Isn't that, comparatively speaking, an average that is about the same average as estimated by you in your general report made before the 19th of December; in other words, isn't the average that was installed from the 30th of June up to the 19th of December, 2,427, about up to the average which you estimated in your general report that would be installed during the current fiscal year?

Mr. DE GRAW. Five hundred and fifty per month we estimated—476 against 550.

Mr. FINLEY. I understood a moment ago that the Department was taking more notice of all the conditions, and in many cases where a favorable report had been made, a reinvestigation is ordered before the service is installed. Has that practice on the part of the Department, to a considerable extent, kept down the number of routes installed?

Mr. DE GRAW. Naturally, sir.

Mr. FINLEY. Can you furnish the committee the number of routes installed in each State since December 19 last—up to, say, this date?

Mr. SPILMAN. We can get that for you.

Mr. FINLEY. I would like to have it. I would like to know the number installed since December 19, in order that the committee might know the total number installed during the current fiscal year. Then, I would like the number installed in each State since June 30 last and the number of routes installed in each Congressional district since June 30 last. To what extent is territory covered practically by rural-delivery service also covered to the same extent by star routes?

Mr. DE GRAW. That is a question that I think we will have to look up.

Mr. SPILMAN. It is impossible to tell; it would be absolutely impossible.

Mr. FINLEY. I observe that the Postmaster-General, on page 83 of his report, mentions that as being the case, to some extent, and I would like to know to what extent it is true.

Mr. DE GRAW. I can only answer that in a general way. As a matter of fact we discover that, as you know, when we send our inspectors out to examine the route, and it very often happens that the route petitioned for will parallel a star route. That is the only way we get any knowledge of the star route being in existence in that section.

Mr. FINLEY. Isn't it the duty of the rural agent when the investigations and petitions for rural service are made, to report all such matters?

Mr. DE GRAW. Oh, yes.

Mr. FINLEY. The Postmaster-General speaks here of the star-route service traversing sections covered by rural-delivery service, and I was trying to arrive at the extent.

Mr. DE GRAW. Do you mean duplication?

Mr. FINLEY. Practically, yes.

Mr. DE GRAW. As I suggested, it would be impossible to give the information except in the way that I stated, where we find a star route that is covering a section which is proposed to be covered in the rural route. In that case we take into consideration the service which this star route is capable of furnishing, then we take that up with the office of the Second Assistant and find out from him the necessity for a continuance of that star route. It sometimes happens that we find that a star route can not possibly be abandoned, in which case we make a reinvestigation, to which you referred a little while ago, with the view of putting in that route, not as the petitioners asked it, but so as to avoid the star route.

Mr. FINLEY. When a rural agent makes his report on a petition for a rural service, if in his judgment a star route is to be abolished, or a post-office abolished, he embodies that in his report, does he not?

Mr. DE GRAW. Yes, sir; he generally makes a recommendation.

Mr. FINLEY. I call your attention to what the Postmaster-General says on page 83 of his report:

The installation and extension of rural free delivery necessarily meant the discontinuance of existing postal facilities in certain localities; namely, the small fourth-class post-offices and the star-route service by which they received their mail supply. To this there was frequently opposition from the postmaster and his friends and the star-route contractor. As the result, many post-offices have been retained which are unnecessary, as their patrons can be adequately supplied through rural delivery. And there are star routes still in operation which can be discontinued if these post-offices are abolished, as well as others which can be effectually superseded by the existing rural service.

Now, what I am trying to get at is the number of post-offices which could be abolished, and about the amount of star-route service which can be dispensed with in all sections covered by rural delivery. Do you think the answer you have given about covers that as far as you can go?

Mr. DE GRAW. I don't think I can give a better answer.

Mr. FINLEY. Is it not because of this condition that the Postmaster-General refers, and which I have just asked you about, when he says: "The rural service being constantly extended, we are called upon to

appropriate more money for star-route service." Isn't that the reason? In other words, that there is no reduction in the estimate for star-route service?

Mr. DE GRAW. Well, I am not familiar with that particular branch of the service; it is all I can do to manage the rural free-delivery service?

Mr. FINLEY. The number of routes in operation June 30 last was 32,055; of course, with the same number of carriers.

Mr. SPILMAN. As a matter of fact, there were more routes than that. That represents carriers. We speak of it as a route. We do that for the reason that we want to identify routes as carriers. In every case where there is triweekly service there will be one more carrier.

Mr. FINLEY. Up to June 30 were there any triweekly carriers, and if so, how many?

Mr. SPILMAN. Yes, sir; something less than a hundred.

Mr. FINLEY. Compared with the whole number of routes it is insignificant.

Mr. SPILMAN. Yes, sir.

Mr. MURDOCK. How great will the number of routes exceed the number of carriers?

Mr. SPILMAN. I think it is about 60 or 70.

Mr. FINLEY. The estimate made in the Fourth Assistant's report—not the supplemental report—is that there will be installed during the fiscal year ending June 30, 1906, 6,119 routes, and to maintain that service on those routes, 38,174 in all, from June 30, 1906, to June 30, 1907, will require \$26,889,628. Now, under your revised estimate, assuming that the number of routes installed during the current fiscal year will take that amount of money, the revised estimate will permit the installation of new service during the fiscal year commencing July 1 next of about how many routes?

Mr. DE GRAW. About 4,560.

Mr. FINLEY. Do you think as many as that?

Mr. SPILMAN. The figures you have read are for the current fiscal year. We do not include the estimate for the next fiscal year.

Mr. FINLEY. No; you misunderstand me. The number of routes that will be in operation on the 30th of next June will take up \$26,889,628. Taking your revised estimate and your reduction of \$1,026,000, how many new routes will you be able to install and care for during the next fiscal year?

The CHAIRMAN. He said about 5,000 a moment ago.

Mr. FINLEY. I really think that the gentleman had not considered my question. The appropriation will not permit of any such number.

Mr. DE GRAW. That is what we figure on at an average of \$690 per annum.

Mr. FINLEY. I confess that I am unable to see that on any theory other than this: That you would wait until the close of the fiscal year 1906-7 before you commenced the installation of the routes in that year; otherwise, as I see it, you would exhaust your appropriation, you would get to the end of your limit, long before the end of the year.

Mr. STAFFORD. May I say, there—not desiring to trespass upon the gentleman's question—that if you will compute 400 routes as being installed each month, beginning July 1, 1906, and reduce the pay each

month by the sum of \$60 the monthly pay of the rural carriers, you will have a total expenditure of \$1,780,000, and that would not cause the postponement of the installation of the service at all, but would provide for the installation of 400 each month, as fast, perhaps, as the service could be installed by the rural agents reporting on the petitions presented. My point is that these routes can be established at the rate of 400 a month, and that would only aggregate the total sum of \$1,780,000.

Mr. FINLEY. That would be an average for the whole fiscal year of about 4,600.

The CHAIRMAN. The basis is for the installation on an average of 400 new routes every month.

Mr. FINLEY. So you are satisfied that your estimate of 400 a month is full and reasonable?

Mr. DE GRAW. I am satisfied.

Mr. FINLEY. Isn't that reduction in the average number of routes per month to some extent brought about by reason of the new policy of the Department?

Mr. DE GRAW. Oh, unquestionably.

Mr. FINLEY. How many petitions at the present time are undisposed of?

Mr. SPILMAN. 3,246 up to February 1.

Mr. FINLEY. Is your estimate of a decrease in the number of petitions that will be filed during the next fiscal year for rural service based upon the falling off in the number of petitions filed during the present fiscal year?

Mr. DE GRAW. Yes, sir; there has been a little falling off.

Mr. FINLEY. Is it not true that a larger number of routes during the present fiscal year have been put in with petitions waived than the preceding fiscal year; in other words, without any petitions?

Mr. SPILMAN. That is true.

Mr. DE GRAW. That was before my time.

Mr. FINLEY. About what number of routes were put in or inspected during the past fiscal year, and also about what number during the present fiscal year, on petition waived—that is, without petition.

Mr. SPILMAN. One thousand one hundred and something—I have forgotten.

Mr. FINLEY. This year or last year?

Mr. SPILMAN. This year, approximately.

Mr. FINLEY. Was not the number last year 1,700 and over?

Mr. SPILMAN. I am not able to give the number last year.

Mr. FINLEY. Do the figures 1,100 include all routes put in without having been petitioned, without the initial petition, and does it include county service?

Mr. SPILMAN. Yes; approximately.

Mr. FINLEY. Everything?

Mr. SPILMAN. Yes, sir.

Mr. DE GRAW. As a matter of fact, most of that comes in county service.

Mr. FINLEY. I am satisfied of that. Isn't it true that the number of this class of routes—that is, routes put in on petition waived—is constantly increasing just as the number of petitions filed decrease?

Mr. DE GRAW. Naturally, from the fact that we are at work on the

county service very largely, and the county service of course requires, when you close up a county, the putting in of a route here and there in order to close it up.

Mr. SPILMAN. But not in the same proportion.

Mr. FINLEY. On the basis of extending rural service to the sections of the country where the necessity is greatest, what sections of the country will receive the greatest part of the extension during the next fiscal year?

Mr. SPILMAN. It will be impossible to tell.

Mr. FINLEY. Or where the petitions are waived?

Mr. SPILMAN. The petitions waived will not be in any great proportion; the routes established on petitions waived will be small compared with the number established on petitions. As to the sections of the country in which most of those will be established, it is impossible to tell. I can say to you, however, that virgin territory lies largely in Mississippi, Arkansas, Louisiana, and some yet in Texas.

Mr. FINLEY. Some of it in South Carolina.

Mr. SPILMAN. I am speaking of the large sections. There might be some in every State, where the people have not as yet manifested an interest in the service. In all these States that I have mentioned during the past year there has been a considerable increase in the number of petitions filed.

Mr. FINLEY. What section of the country now has the greatest extension of rural delivery—I mean the most extensive service in the way of rural population being served generally?

Mr. SPILMAN. Well, I have made no careful analysis of that, but speaking generally from my information, as I get it in the office from day to day, I should say the Middle West States, the Mississippi Valley States.

Mr. FINLEY. What States have the most complete service?

Mr. SPILMAN. Well, Indiana and Illinois, the southern half of Michigan, the southern half of Wisconsin, hardly half of Iowa—

At this point a recess was taken for twenty minutes.

AFTER RECESS, 12.30 P. M.

Mr. FINLEY. General, in counting the families to ascertain the probable number of patrons on a proposed route, what is the rule as to who will be counted and who will not be, if you have a rule?

Mr. DE GRAW. The practice, not the rule but the understanding and the practice, is that everybody shall be counted who can avail of the service; that is, within a reasonable distance. Of course, we would not expect a man to walk 2 or 3 miles to a rural route.

Mr. FINLEY. I know that. I am only speaking with reference to those people who live on or are contiguous to a route, so that they would have no other mail facilities so close to them and so efficient.

Mr. DE GRAW. And be nearer than any other post-office. We take them in.

Mr. FINLEY. What class of people are counted?

Mr. DE GRAW. The heads of families report so many.

Mr. SPILMAN. In which there is some member who can read and write.

Mr. FINLEY. So that if there were a dozen laborers on a farm, and each of them the head of a family, each family would be counted, provided some member of that family could read and write?

Mr. DE GRAW. Unquestionably; they are the class of people that we are after.

Mr. FINLEY. Assuming that number of patrons on a rural route to be a hundred, that is your standard, is it not?

Mr. DE GRAW. That is right.

Mr. FINLEY. That are required to be able to read and write in order to come up to the practice of the Department?

Mr. DE GRAW. If there is any one in a family that reads and writes.

Mr. FINLEY. Suppose there are 100 families on a route and 5 of those families have nobody in the family who can read and write, that would reduce the number to 95. How would that affect the installation of the route?

Mr. DE GRAW. Oh, well, we would not stop at that; in other words, our rule with respect to the hundred families is sufficiently elastic to enable us to do no one an injustice. We have no hard and fast rule. We establish the route where we believe the service is going to be appreciated and where we can increase it and be putting it in with insight and interest.

Mr. FINLEY. Can you name any number of families below which you would count the illiteracy as too great for the installation of the rural service? Would 75 be too low?

Mr. DE GRAW. That would depend upon the other families. If the other families were a reading public and sufficiently interested in the route, and we felt that it was going to be appreciated by them, we would not let 10 or 15 families interfere with our giving them the service.

Mr. FINLEY. Would you let twenty-five?

Mr. DE GRAW. No; I do not think we would. Of course we try to get as near a hundred as we can, but it is not always possible, and by arbitrarily fixing a hundred we would be doing a great injustice to a large community of people at times, which we try to avoid in every instance.

Mr. FINLEY. The practice is for county service to be completed where practicable, and that requires more than one-half of the rural agents in this line of work, does it not?

Mr. SPILMAN. There may have been times when half of the force was engaged on it, but that would not obtain from month to month. While we have no longer anything to do with the direct supervision of the rural agents, I do not see how half of them could be engaged on the county service.

Mr. FINLEY. In a case where all star routes had been abolished and all interior post-offices—and when I speak of interior post-offices I mean such post-offices as are not on a railroad—such offices as are retained to run loop routes from, would you call this county service and treat it as such?

Mr. SPILMAN. I don't think we have ever had a case of that kind. It might and it might not. The mere fact that all of the offices on the star route are discontinued would not be an absolute criterion as to whether or not the county was covered. But in laying out complete service one of the objects is to supersede as far as we can the old service without impairing the service.

Mr. FINLEY. I have a case like that, where each and every family in the county live within a mile of the post-office or rural route, and I wanted to know whether that would be considered as county service and treated as such?

Mr. DE GRAW. I should think that would be treated the same as other counties where we are laying out county service. I should think so.

Mr. FINLEY. I did not mean with reference to more routes.

Mr. DE GRAW. To complete the county from a rural view point?

Mr. FINLEY. Yes; so that in counties like this, two or three star routes are retained to carry the mail to villages, and it would be a question to be decided in each case as it came up for county service.

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. In county service the average number of families to a route may be 90; is that correct?

Mr. DE GRAW. We aim to get an average of 90, the same as we aim to get an average of 100 in other cases.

Mr. FINLEY. In such cases is there a corresponding reduction made in the number of pieces of mail to be handled on each route?

Mr. DE GRAW. No; I think we have never considered that.

Mr. FINLEY. Don't you think it should be considered?

Mr. DE GRAW. I don't think it should be; that is, of course, unless we should bring the average down too low.

Mr. FINLEY. I gather from the Postmaster-General's report and other sources that the average number of families to a route may be as low as 90. Now is there a corresponding reduction, or would it be made, in any investigation of the service in the county, to ascertain the number of pieces of mail handled on each route, with a view to determining the continuance of the service or the number of routes reduced and some of them made tri-weekly?

Mr. DE GRAW. We would certainly take the same steps toward reduction and rearrangement of the service in the county as we would on installation, if that is the point you mean.

Mr. FINLEY. The number of families in the county service is 90, and on a petitioned route it must be 100.

Mr. DE GRAW. Well, we try to make it 100.

Mr. FINLEY. You make a reduction of 10 per cent in favor of the county service?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. Why not make some reduction as to the number of pieces of mail required to be handled on each route?

Mr. SPILMAN. Where we establish county service, we look to it to see that the business of that county is above the average.

Mr. DE GRAW. I intended my answer to convey the idea that we would still maintain the average of 90 if we could do it. Say there were 2,000 pieces, a minimum, we would feel pretty sure that that service was going to be appreciated and increase rather than decrease.

Mr. FINLEY. Suppose on a route in a county having county service the average was 90 families to the route, and the average number of pieces 1,800, a reduction of 10 per cent.

Mr. SPILMAN. Say we have a county with twenty routes, and to complete it we put in five new ones. The conditions vary greatly, but those twenty routes may be all within five or two or three of a hundred, either above or below, and the five new routes put in to take

up the territory bring the routes that are so far below up, so that the average obtained is about ninety. In establishing county service with an average lower than a hundred we take into consideration the fact of the amount of mail handled, but when it comes to a matter of considering whether or not the service should be maintained on one of these five routes where the number of families is below the average, we could not, of course, apply the same rule as to routes with a higher population.

Mr. FINLEY. In other words, a weak route would be credited in a county service with the number of pieces handled on a strong route.

Mr. SPILMAN. No, sir; that was not my point. A weak route should stand on its own bottom. Of course, if it came to the question of weakness—and by the way let me suggest that this question has not come to us in actual practice—it would involve a maintenance, if I may use the term with respect to the contiguity of service, and we might go slower in completing the service in that territory.

Mr. DE GRAW. We have held up a county service because we could not get the average, and I would say that a reinvestigation of that section has been made, and that is where a great many of these reinvestigations come in; not to pull the service out, but with a view to putting it in to meet the wants of the people.

Mr. FINLEY. To what extent is the Department now investigating rural service with a view to ascertaining whether or not a number of routes be abolished, and the service on others be curtailed to three times a week?

Mr. DE GRAW. I could not tell you the exact number, not very many.

Mr. SPILMAN. I could not estimate the number. The average amount of mail handled this year was 3,688 pieces, the average number per route throughout the country. It has been a sort of unwritten law in the Department—I don't know just how it was arrived at—that a route should have a patronage of a hundred families, and that the proportion of the hundred who are on the route should refer to the average of 3,000 pieces handled.

Mr. FINLEY. So you are unable to state to what extent the investigation has proceeded.

Mr. SPILMAN. Do you mean the cases made up for investigation?

Mr. FINLEY. Can you secure it and give it to the committee?

Mr. SPILMAN. I think I can, approximately.

Mr. DE GRAW. They are not very many, comparatively speaking.

Mr. FINLEY. How many routes have been abolished since July 1, 1905, by reason of investigations as to the star route?

Mr. SPILMAN. Twenty-seven up to a recent date.

Mr. FINLEY. In these cases to what extent did the Department find the territory covered with star routes?

Mr. SPILMAN. I don't think there was one of those cases in which there was a star route involved.

Mr. FINLEY. How many routes have been changed to triweekly?

Mr. SPILMAN. Two of the 27. Included in the 27 is one carrier who was discontinued in connection with the establishment of triweekly service on two routes.

Mr. FINLEY. So, then, there were only two routes changed to triweekly?

Mr. SPILMAN. Out of that number; yes, sir.

Mr. FINLEY. In these cases where the routes were abolished, and the two cases where they were changed to triweekly, what was the number of families on those routes and what was the average number of pieces of mail handled per month?

Mr. SPILMAN. I haven't those figures here.

Mr. FINLEY. Can you give them to the committee?

Mr. SPILMAN. Yes, sir.

Mr. FINLEY. In the event Congress appropriates the amount of money asked for in your first estimate, \$28,825,000, how will the Department construe this in connection with the extension of rural delivery?

Mr. DE GRAW. There would only be one fair way, I presume, and that would be to want us to expend that much more money than we figure would be necessary under the estimate we have made, irrespective of requirements.

Mr. FINLEY. But in the event that Congress should differ with the Department as to the requirements, and appropriate this amount of money, then you would take that as an indication that Congress wished you to proceed in a moderately liberal manner, or way, in extension of rural delivery, would you not?

Mr. DE GRAW. I should construe it to mean that Congress did not approve of our method of proceeding under the Postmaster-General's recommendation of policy made in his annual report.

Mr. FINLEY. Well, would you not construe it also that Congress differed with respect to the present practice in the Department of making it more onerous and difficult to secure the installation of rural delivery than was the practice in the last fiscal year?

The CHAIRMAN. Mr. De Graw, could you put any construction upon a mere quantity of money appropriated unless there was some intimation from Congress as to its desire for a change of policy?

Mr. DE GRAW. I was about to answer Mr. Finley's question in that way, Mr. Chairman; I was going to say that before I construed anything as to what Congress did, I would certainly want to get the opinion of the legal lights of the Department as to what my duty in the premises might be.

The CHAIRMAN. Do you not regard your present practice of installation of rural service as being moderately liberal?

Mr. DE GRAW. Not moderately liberal, but very liberal.

Mr. FINLEY. I am sure of all that.

The CHAIRMAN. I was afraid that the answer of yes or no to Mr. Finley's question might appear that the Department was not moderately liberal in its present practice.

Mr. FINLEY. To make my question a little plainer; in the event Congress appropriates the full amount of your first estimate, would you in the expenditure of that money be able to extend the service to many sections and on a great many routes in the next fiscal year where otherwise you would not? I mean this: Would you not in the expenditure of that amount of money in your revised estimate take the cases where there is the greatest necessity for the service?

Mr. DE GRAW. That is the idea.

Mr. FINLEY. Then am I not correct in stating that in the expenditure of the amount in your first estimate you would be able to extend it to places where there is a less necessity for the service than you

would be if limited in the expenditure of the amount in your revised estimate.

Mr. DE GRAW. That is a natural inference, but when I stated before that we feel now that we are extending that service as rapidly and as extensively as the circumstances warrant I do not see how we would with a greater appropriation do better, unless we would change the limitation of families or conditions and go ahead and spend the money; because, as a matter of fact, we are trying to put in the service wherever it will be appreciated. It is not a question of paying. There have been some statements erroneously made that certain routes do not pay. That does not enter into the subject at all.

We are going into a section of the country, and we are finding out if there are people there, communities of them, who would patronize the route and are going to appreciate it, and if so we want to save to them the trouble of going to the post-offices.

Mr. FINLEY. In the matter of appreciation of a route, that is the principal thing that the Department considers, and whether or not service on a route where there is a hundred families shall be continued?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. That governs practically in all cases?

Mr. DE GRAW. Yes, sir.

Mr. FINLEY. Where there are a hundred families on a standard route, then it is a question of appreciation. Now, in a case where the routes were appreciated to the extent that each and every one of those families patronize the route, but on account of poverty or small business connections that these patrons had with the outside world the number of pieces might be smaller than 2,000, how would you consider that case?

Mr. DE GRAW. We would ask that our inspector go there and find the trouble.

Mr. FINLEY. But if he found that every family appreciated the service, but that it was a matter of poverty, or want of business, on the part of the patrons of the route that they did not furnish as much as 2,000 pieces of mail a month, then would you consider it the correct thing to abolish the route?

Mr. DE GRAW. No; not immediately. We would take that route up with the inspector and see if he could not make it come up to the 2,000 pieces a month. Then we would suggest the desirability of a triweekly service; and after that, still, if that did not pay, then it would be a question for us to consider as to whether or not the reestablishment of the post-office in that vicinity would not be better and meet the requirements and save money, rather than continue the rural service.

Mr. FINLEY. I am obliged to you.

Mr. SPILMAN. In order to clear up a matter about discontinuance, do you understand that all of these 27 routes were discontinued because of lack of patronage?

Mr. FINLEY. From one cause or another.

Mr. SPILMAN. They were not.

Mr. FINLEY. Not for lack of patronage; for what reason then?

Mr. SPILMAN. Here is one (referring to statement) that was discontinued because other service could be arranged to cover that territory; another one for the same cause. Here are two for lack of patronage.

Here are ten in one county where by a rearrangement of the service in that county practically all of the population is still served and the number of routes lessened. Here is one discontinued on account of poor patronage.

Here are the two that I spoke of—triweekly service. Here is one discontinued because of the extension of one route, and also the extension of the city service. Here is another on account of poor patronage. Here is one discontinued outright on account of poor patronage. Here is another discontinued on account of the extension of service from another point. Here is another one on account of failure to secure a carrier, and another one because of the extension of another route.

Mr. GARDNER. Where was that last one?

Mr. SPILMAN. Big Sandy, Tex.—do you mean the route where we could not get a carrier? That was Scrubgrass, Pa. Pennsylvania and North Dakota are the two States where we have the greatest difficulty in getting carriers. Here is another case, in North Dakota, for failure to secure carrier. Then here are two other routes which were established, and it was found that other routes in the same locality had been established that practically covered that territory. That resulted from one agent having one case and another agent proceeding to that territory at a different time.

The CHAIRMAN. Can you indicate to the committee the sections of the country covered by those 27 routes?

Mr. SPILMAN. I have a statement here which I will leave with the committee.

The CHAIRMAN. We will put that in the record.

Statement of rural routes discontinued from July 1, 1905, to February 15, 1906, inclusive.

State.	Number of routes discontinued.	Aggregate annual salary of carriers.	State.	Number of routes discontinued.	Aggregate annual salary of carriers.
Alabama	2	\$1,440	New York	1	\$648
Indiana	2	1,224	North Dakota	1	720
Kansas	10	7,200	Pennsylvania	1	702
Kentucky	2	1,404	Tennessee	1	612
Maryland	1	540	Texas	1	612
Massachusetts	1	648	Wisconsin	2	936
Michigan	1	720			
Mississippi	1	720	Total	27	18,126

Mr. FINLEY. On page 45 of the Postmaster-General's report he says:

SALARIES OF CLERKS, CARRIERS, AND OTHER EMPLOYEES.

While the present condition of the Government finances precludes me from making an immediate recommendation for increases in the rates of compensation paid to the various classes of postal employees, I consider it only just to say that from such investigation of this question as it has been possible for me to make I am convinced that in many cases the salaries of post-office clerks and of letter carriers, city and rural, are inadequate. While in recent years the cost of living has increased, particularly in large cities, there has been no corresponding advance in the remuneration of postal employees as there has been in the case of persons employed outside the service. This is a subject that should receive the earnest attention of the Congress, and it is hoped that a scale of salaries and a system for their adjustment can be devised that will place the question of compensation on a more satisfactory basis.

Mr. FINLEY. What scale would you suggest as a basis in carrying out this proposition?

Mr. DE GRAW. Well, sir, I think that the rural carriers should have consideration.

Mr. FINLEY. About how much, General?

Mr. DE GRAW. They make the point, and I do not see but what it is pretty well taken, that they should have the same consideration that city carriers have.

Mr. FINLEY. That is, they should have at least \$840 per annum; is that what I understand you to mean?

Mr. DE GRAW. Yes, sir; basing that upon the ground that they all have their horses to keep. City carriers are allowed \$250 per annum for a horse.

The CHAIRMAN. That is for the mounted carriers, not all carriers?

Mr. DE GRAW. I mean the mounted carriers.

Mr. FINLEY. City carriers unmounted do not need horses.

Mr. DE GRAW. With the rural carriers far out in the country their horses do not count for so much, but we have a great deal of complaint from the carriers about the increase in the cost of feed.

Mr. FINLEY. The cost of living?

Mr. DE GRAW. Yes; they claim that they should have a higher consideration, equal to their city brethren. Now, it was only last week—I kon't know whether the committee cares to have this—

Mr. FINLEY. I would like to have anything bearing on that subject that you have.

Mr. DE GRAW. The president of the National Rural Letter Carriers Association called upon me and made a statement to the effect that his people were pressing him to take up with the Department the feasibility of certain bills which had been introduced. He had some twelve or fourteen bills bearing upon that subject—

The CHAIRMAN. Let me ask you, are you giving this as a personal and official recommendation, or referring to it only?

Mr. DE GRAW. I am simply referring to it.

The CHAIRMAN. Mr. Finley has asked for an individual opinion.

Mr. DE GRAW. My individual opinion is that I think they should have consideration, but to what extent that support should come—I will say that I have not formulated any scale.

Mr. FINLEY. As far as you have gone in the consideration of this question you would not consider \$840 a year too high, would you?

Mr. DE GRAW. I should not think so, especially if there was to be a grade, I should think that the \$840 men would not receive too much. Those that are located near the city, where they tell me that they have to pay \$20 a month for horse keep, just as much as they do in the city.

Mr. SNAPP. Did you say that the president of the National Association of Rural Letter Carriers came to see you?

Mr. DE GRAW. Yes, sir.

Mr. SNAPP. Is he in the service of the Government?

Mr. DE GRAW. Yes, sir.

Mr. SNAPP. In what capacity?

Mr. DE GRAW. He is a rural carrier.

Mr. SNAPP. And he was interested in certain bills, you say, that had been introduced?

Mr. DE GRAW. Simply interested from a view point of having those bills in his possession, and applying to the Department to see whether the Department would not take up the question with the proper committee, with a view to getting consideration.

Mr. GRIGGS. Mr. De Graw, I notice in the report of the Postmaster-General that the total excess of expenditures over receipts last year, 1905, was \$14,572,584. I notice that the estimated deficit for 1907 is

\$11,636,000. That, I presume—the difference between those two, the estimate and the actual receipts—is due to the effort at reduction of expenditures for the Department as a whole.

Mr. DE GRAW. I think that is so.

Mr. GRIGGS. How much of this reduction of about a million dollars for rural-delivery service is a part of the effort to reduce the expenditures so that the deficit will be about \$11,000,000 instead of \$14,000,000?

Mr. DE GRAW. I do not think it has any bearing upon that, Mr. Griggs.

The CHAIRMAN. Those figures, Mr. Griggs, were compiled before the recommendation of the Fourth Assistant for a reduction in this item was made.

Mr. GRIGGS. Then you propose to cut down in your Department, in your Bureau, one-fourth of your estimated decrease of deficit from the rural-delivery service?

Mr. DE GRAW. Well, I can not say that. I do not know upon what the Postmaster-General figured. He has a number of bureaus, and he made his estimate long before I gave him this estimate—

Mr. GRIGGS. His estimate shows an expected deficit of \$3,000,000 less than last year. Now, then, you add another million dollars, or rather deduct another million dollars from the expenditures, which will make a difference of \$4,000,000 in the deficit between this year and the next instead of \$3,000,000; and you propose to cut one-fourth of this entire estimated difference in the deficit from the rural-delivery service?

Mr. DE GRAW. That is a difference in estimate and not expenditures.

Mr. GRIGGS. Yes. I wanted to get at the fact that the rural-delivery service must stand one-fourth of this estimated reduction.

Mr. SPILMAN. This million dollars is not a difference in expenditures, but in an estimate submitted.

Mr. GRIGGS. I understand that.

The CHAIRMAN. I think the main part of Mr. Griggs's inquiry is that you made this change in your estimate for the purpose of reducing the deficit.

Mr. DE GRAW. It had no bearing upon the deficit whatever.

Mr. GRIGGS. You are making this estimate for the purpose of reducing expenditures, are you not?

Mr. DE GRAW. Oh, naturally.

Mr. GRIGGS. If you reduce expenditures, you do reduce the deficit, do you not? You stated to Mr. Finley that after a conference with the Postmaster-General you were admonished—I don't know that you used that word, but I will use it—to look into this rural delivery business very closely, and as a result of that admonition you have somewhat changed the policy of the Bureau toward rural free delivery; that is to say, you are making it harder to secure rural delivery now than it was before; is that right?

Mr. DE GRAW. Hardly making it harder; we are not putting rural delivery where we find it is really not required over and above the existing service.

Mr. GRIGGS. Isn't it your idea that at the beginning the Department was too liberal with rural free-delivery service, or extreme?

Mr. DE GRAW. We have discovered that there have been some routes established which probably, if more care had been exercised, would not have been established.

Mr. GRIGGS. If they had not been so extremely liberal? •

Mr. DE GRAW. I presume that is the explanation of it.

The CHAIRMAN. Isn't it mere change of administration, Mr. De Graw, and the exercise of more care, rather than a change of policy to make it difficult to establish the service?

Mr. DE GRAW. There is no desire to make it difficult. The policy under which we are operating, as I explained to Mr. Finley, is one that I consider liberal; not moderately liberal, but very liberal. Of course where a man does not want a thing he has no use for it, and it would not be good policy for us to give it to him and insist upon his taking it. That is about the policy that we are working on.

Mr. GRIGGS. Do you require along routes in city delivery service—

Mr. DE GRAW. That service is fixed by law. We have no law fixing our rural service; it is a matter of jurisdiction.

Mr. GRIGGS. You do not make inquiry as to all carriers in the city delivery service, that they shall have a certain number of pieces a month to deliver, do you? You take the service as a whole.

Mr. DE GRAW. It is required that a certain amount of gross receipts shall be had before a city can get free delivery.

Mr. GRIGGS. But you never make inquiry after that as to the curtailment of the delivery in any portion of a particular district in a city because it does not happen to have the required number of pieces to deliver every day. For instance, suppose in a block of a city containing 500 people, 400 of them preferred a box at the post-office; that would make no difference as to the carrier carrying the mail to the other 100 every day, would it?

Mr. DE GRAW. Not if that city has the requisite amount of gross receipts.

Mr. SPILMAN. But the carrier would have a greater territory to cover as a result of not having so much mail. That would be the difference between the city and the rural service. The rural route is a fixed route.

Mr. GRIGGS. What is your lowest number of pieces that will require the continuance of a route? Have you established any number?

Mr. DE GRAW. We have not established any given number.

Mr. GRIGGS. All these things that we see in the newspapers about the Post-Office Department having established a rule that where there are less than 2,000 pieces of mail handled on a route per month that route will be discontinued are not true?

Mr. DE GRAW. They are to a certain extent true. Probably an explanation of that might clear the matter up, and I would be glad to give it if the gentleman desires.

Mr. GRIGGS. I will be glad to have it.

Mr. DE GRAW (reads): While no fixed rule as to the amount of mail which should be handled on a rural route has been decided upon, the Department feels that the average route should handle 3,000 pieces per month, with a possible minimum of 2,000, but the question of the discontinuance of the service on routes must in all cases depend upon the conditions as they may exist on such routes, and the expenditure involved in operating the service on a given route might not be deemed warranted, even though the minimum of 2,000 pieces of mail per month were handled, where it was found that a considerable number of the possible patrons were not availing themselves of the benefit of the service.

I read that so that there shall not be any misunderstanding on the part of the committee as to what is the policy of the Department. We take each case on its merits. A great deal has appeared where they have cut the essence of the article out—it was published a syndicated article—and it has been copied all over the country; and, for purposes of condensation, while I have noticed that they have told the truth, they have not told the whole truth. Therefore it has been misleading to a certain extent. That is the exact fact about that. We take each case up on its merits.

Mr. GRIGGS. I am desirous of obtaining the exact facts.

Mr. DE GRAW. I repeat, as I said to Mr. Finley, that there is no disposition on the part of the Department to crowd out any service where we can find that it is being appreciated.

Mr. GRIGGS. When you discontinue this service, if a route has not sufficient patrons to justify its continuance, do you merely discontinue the route, or do you decrease the service, say, to three times a week, in order that these people who have had the advantages of the mail delivery shall not be entirely deprived of it?

Mr. DE GRAW. I will read from this same article, which I dictated to a man that asked me about it in order to straighten it out, and I will give it to you just as I gave it to him. [Reads:]

The inspection of the service which has been instituted is with a view to ascertain the cause for any adverse conditions which may exist and the possibility of removing such conditions. In discovering that there is a lack of patronage on a given route, consideration is given first, to the possibility of increasing the interest in the service on the route; second, to the possibility of rearranging the route so as to increase the patronage; third, to the possibility of establishing every other day service, in lieu of daily service, and last to its discontinuance where the conditions are such that the expenditure involved in the operation of the route is unwarranted.

Mr. GRIGGS. You are familiar with the fact, I presume, that all of the countries of the world which belong to the Postal Union, excepting the United States, deliver their mail every day, sometimes more than once a day, to their citizens.

Mr. DE GRAW. I have seen such statements made.

Mr. SNAPP. Mr. Spilman, have you a record of the number of resignations by rural carriers for the last calendar year or for any period?

Mr. SPILMAN. The number for the last fiscal year was 2,582.

Mr. SNAPP. When they send in their resignations do they give reasons?

Mr. SPILMAN. In some instances; in the majority they do not. The large majority do not.

Mr. SNAPP. In those instances where they give reasons what percentage of them resign because they consider the salary too small?

Mr. SPILMAN. Possibly one-half of those that give reasons give that reason.

Mr. GARDNER. In any answers you have made as to what parts of the country have the greatest proportion of rural-delivery service you only speak geographically and make no estimate of the percentage of the rural population served?

Mr. DE GRAW. Yes, sir.

Mr. GARDNER. In estimating for increases of route in the rural-delivery service, you make the basis of that the number of carriers; when you speak of a route you mean a carrier?

Mr. DE GRAW. Yes, sir.

Mr. GARDNER. Therefore the number of physical routes may be very greatly increased under your estimate by establishing the triweekly service, while in those cases the increase in the number of carriers would only be half as great.

Mr. DE GRAW. That is right.

Mr. GARDNER. You were asked many questions as to how you would construe the enlargement of the appropriation in this bill. As a matter of fact, the Postmaster-General is the head of the Post-Office Department, is he not?

Mr. DE GRAW. Yes, sir.

Mr. GARDNER. And your construction would depend more upon the Postmaster-General's regulations than it would on any inference you might draw from the intentions of Congress as to the wording of the statute?

Mr. DE GRAW. Entirely so.

Mr. GARDNER. So that all the questions as to how you would regard the law really have no bearing whatever on how it would be administered. Those, as questions, you could not answer?

Mr. DE GRAW. No, sir.

Mr. GARDNER. You were asked several questions by Mr. Griggs as to the attempt to lessen the deficit by reductions in your estimates for rural delivery. I think you said your reduction had no relation to it, and it could have no relation to it, except upon the presumption that each delivery route cut off would be a saving of practically that much money.

Mr. DE GRAW. That is all.

Mr. GARDNER. Any attempt to affect the lessening of the deficit by more rigid rules for establishing routes, could only have relation to that reduction by first assuming that the route established was going to result in a loss to the Government.

Mr. DE GRAW. That is right.

Mr. GARDNER. You were asked sundry questions about the consideration that entered into your determination as to whether to establish or not to establish certain routes. It is absolutely essential to reasonable administration of the service that those things still be taken into consideration, is it not? For instance, you might find and probably do that in many cases 50 families would receive and dispatch more mail than a hundred other families on some other route, and no wise legislation or wise regulation could eliminate or take into consideration conditions like that.

Mr. DE GRAW. I fail to see how it could.

Mr. STAFFORD. From some data that I have before me I find that on July 1, 1903, there were 11,700 petitions pending for investigation for the installment of the rural-delivery service. On July 1, 1904, there were 5,516, and on July 1, 1905, there were 4,602. Based upon the number of petitions that have been received in the past, do you find that there is any diminution in the number of petitions that are being received for the installation of the rural mail service?

Mr. DE GRAW. Yes, sir; there is a decline.

Mr. STAFFORD. In your opinion do you think the high tide has been reached in the volume of petitions that will be received for the installation of rural mail service?

Mr. DE GRAW. I do, sir.

Mr. STAFFORD. Can you give the number of petitions that are now pending for investigation?

Mr. DE GRAW. 3,468.

Mr. STAFFORD. I have before me some data which shows that on January 16, 1904, there were 6,700 petitions pending, and I would like to ask you whether the number now pending is not the lowest number that has been reached during the administration of the rural mail service in the past three or four years.

Mr. DE GRAW. Yes, sir.

Mr. STAFFORD. On your new estimate for the establishment of 4,560 additional routes during the fiscal year 1907 do you provide for the establishment of service on all routes for which petitions are now pending, or upon which may be reasonably expected petitions will be presented between now and the fiscal year 1907?

Mr. DE GRAW. Yes, sir.

Mr. STAFFORD. Has your changed estimate been largely the result of the diminution in the expected number of petitions that have been presented for the establishment of new service?

Mr. DE GRAW. Yes, sir.

Mr. STAFFORD. Are there any instances where double service is now in operation on any rural route in the country? By double service I refer to the double daily service in the distribution of mail by a rural carrier.

Mr. DE GRAW. There are some few; yes, sir.

Mr. STAFFORD. Has there been any change in that service so far as the diminution of those routes are concerned during the past twelve months?

Mr. DE GRAW. We are constantly at work on those routes with a view to the elimination of that duplication.

Mr. STAFFORD. What is the policy of the Department at present for the establishment of double daily service by rural free delivery?

Mr. DE GRAW. It is against it, sir.

Mr. STAFFORD. As far as you can estimate accurately, you believe that \$27,799,000 will provide for all additional routes that may be called for—may be expected to be called for—and established under the regulations during the fiscal year 1907.

Mr. DE GRAW. I do, sir.

Mr. STAFFORD. In the establishment of county service, what do you mean by saying that 90 is the number of families per route that will be served rather than the 100-family basis.

Mr. DE GRAW. In completing service in a county we give 10 per cent leeway for the completion of the county service; in other words, while putting in an individual route—installing an individual route—we feel that we should have 100 families, although that depends somewhat upon the section of the country, the surrounding routes, and the business they are doing; but when we come to establish a county service we give 10 per cent leeway for a decrease in the average to 90.

Mr. STAFFORD. Is that reduction to 90 influenced somewhat by the fact that the length of some of the routes in the county service is less than the prescribed maximum of 24 miles, and in some instances being required in order to complete the service, to have routes of 15 miles in length, and thereby on an average reducing the number of families served per route?

Mr. DE GRAW. Yes, sir; that and various other questions enter into

it. Sometimes you strike a community that is sparsely settled, and that brings down the average.

Mr. STAFFORD. As to the 27 routes that have been discontinued, some by reason of merger with other routes and extensions, I wish to ask whether there was, in any of these instances, routes on which the number of families served were below the present required limit of 100?

Mr. SPILMAN. In all cases the actual patronage was below that. On some of those routes, however, we originally did not have the patronage, because they were less than the standard length—24 miles.

Mr. STAFFORD. In the report of the Postmaster-General, the separate report, as found on page 86, it states that some years ago, before the establishment of the new rule requiring 100 families, there were routes established containing as small a number as 65 families; and where those routes are established is it not the policy of the Department at the present time to see whether they can be merged into other routes with the required number of families living thereon?

Mr. DE GRAW. Yes, sir; that is true.

Mr. SPILMAN. This county service that I mentioned in referring to these discontinuances is an illustration of that very thing.

Mr. STAFFORD. Your estimates for the new service are adequate and liberal, in view of the number of petitions, do you think?

Mr. DE GRAW. We think so. We went over them very carefully before we submitted them.

Mr. STAFFORD. Is the Department following any less liberal rule than it has heretofore in the installation of service, or is it trying to overcome some of the lax methods that resulted in the installation of this service at the very beginning, years ago?

Mr. DE GRAW. Simply to exercise more care in the expenditure of the appropriation.

Mr. SMALL. Mr. De Graw, can you point out the section of the law which authorizes holidays for rural carriers?

Mr. DE GRAW. There is no section of law; it is simply a regulation.

Mr. SMALL. Do you think it is a proper policy to allow holidays to rural carriers?

Mr. DE GRAW. I think it is humane.

Mr. SMALL. For the good of the service?

Mr. DE GRAW. We have selected the days where we felt that the service would be the least incommoded. The regulation gives the city carriers their holidays. We do not give rural carriers Christmas, because we think that is a day upon which a delivery should be made.

Mr. SMALL. Christmas is given to the rural carriers?

Mr. DE GRAW. No, sir; we do not give that.

Mr. SMALL. Last Christmas?

Mr. DE GRAW. No, sir.

Mr. SMALL. They took it in my section?

Mr. DE GRAW. Then they took it upon themselves to do it. We certainly should have taken them to task if we had known it.

Mr. SMALL. I have lived on a rural route and I know that those holidays are a great inconvenience. That is simply my opinion, however; and I wondered if there was any authority of law.

Mr. DE GRAW. No, sir; it is a regulation, as almost everything is in the rural service.

Mr. SMALL. I notice that the regulations lay down a condition for

the establishment of a rural route—in the Report of the Postmaster-General—with regard to good roads. Is there any standard fixed by the regulations of the Department by which the rural agents are governed in that respect?

Mr. DE GRAW. No absolute standard. By referring to good roads, we mean that the carrier should make 24 miles a day without running into the night, get back before dark, so as to make his proper connections.

Mr. SMALL. Would you say that the roads were in sufficiently good condition if the carrier should traverse a route and return within the schedule time, and make his connections?

Mr. DE GRAW. Oh, yes.

Mr. SMALL. That would comply with the conditions laid down by the Department?

Mr. DE GRAW. Where a road is reasonably good for travel we make no objection to it.

Mr. GARDNER. That means that the carrier with the same horse could use the road a reasonable number of consecutive days.

Mr. DE GRAW. Oh, yes. There are some routes where it takes two horses—they have to alternate their horses; those are old routes. We have been very successful in getting the roads built up under this provision.

The CHAIRMAN. The next item is for the supplies of the rural delivery service, including collection boxes, furniture, satchels, straps, badges, and the making of maps for use in the rural delivery service. Your estimate for the next fiscal year is \$175,000 as against \$200,000 for the current year, which is a decrease of 12½ per cent. Can you inform the Committee whether or not you maintain any special stock of supplies of this character, or do you meet the demand as it arises?

Mr. DE GRAW. For incidental expenses, including collection boxes, furniture, satchels, straps, badges, and the making of maps for the use of the rural delivery service, the current appropriation is \$200,000. Estimate, \$175,000, a reduction of \$25,000. The appropriation for the fiscal year 1904-1905 was \$150,000, of which only \$81,750.83 was expended, but owing to the abnormal conditions following the recent investigations and the stock of material found to be on hand the expenditures for that year can not be considered as a fair basis for the present estimate, which it is not considered safe to place lower than \$175,000. Expenditures involving about \$80,000 of the current appropriation have already been made or provided for, about \$50,000 having been actually expended and \$30,000 additional has been set apart for the purchase of carrier satchels, which will be expended as soon as the purchasing agent can obtain bids for same.

In that connection, Mr. Chairman, I would like to suggest that the words "incidental expenses, including collection boxes and so forth." I think you will agree with me, should read "ncidental expenses of the rural delivery service, including collection boxes and so forth." There are various expenditures, such as, for instance, traveling expenses, when we have to send someone from the office to go quickly to report on some matter, and those expenses should come in under that; and if those words, "rural delivery service" are not there, I don't think it would be complete.

The CHAIRMAN. We have "rural delivery service" already in the language; would you not construe that to cover the incidental items and all? This item is clearly intended, is it not, to cover supplies for

the rural free delivery service, and not traveling expenses. Traveling expenses are taken care of in your item for the administration of the rural service, are they not?

Mr. DE GRAW. Well, they are to a certain extent?

The CHAIRMAN. All of the rural agents, including your superintendents of rural service, have provision made for their traveling expenses, have they not?

Mr. DE GRAW. They are now in another department.

The CHAIRMAN. What officer of the service do you have in mind?

Mr. DE GRAW. I simply have in mind the superintendent of the service. I have found on several occasions that it has been necessary to have him examine certain things in connection with routes, and I think it is very essential that he should be permitted at times to go out and get a clear idea as to what is required, rather than have it done by the inspectors. It does not happen, however, very often.

The CHAIRMAN. Do you not have an amount to expend from the miscellaneous items in the office of the Fourth Assistant Postmaster-General?

Mr. DE GRAW. I presume that would be all right; I do not know of any reason why it would not. I would like to have your opinion on that, Mr. Chairman. I do not wish to press the point if you think that this will cover it.

Mr. SPILMAN. Aside from the point of the traveling expenses, the words "rural delivery service," as now appearing in this item, seems to the other officers of the Department, as well as myself, to qualify only the making of maps.

The CHAIRMAN. It covers everything in this one item.

Mr. SPILMAN. No; I beg pardon. I disagree with you.

The CHAIRMAN. What collection boxes, furniture, satchels, straps, and badges can be purchased from this item outside of the rural delivery service?

Mr. SPILMAN. My own notion about it, as it stands to-day, is that you can purchase boxes, furniture, satchels, straps, and so forth, excepting for the city delivery service; because that is a specific appropriation.

The CHAIRMAN. The specific appropriation for the city delivery service is in the following language: "Including letter and package boxes and posts." If this read "supplies, including collection boxes, furniture, satchels, straps, badges, and the making of maps for the rural delivery service," that would cover it, would it not? There is no doubt but what this appropriation is intended, and that the committee will provide the necessary language to cover, for supplies named in this item for the rural delivery service.

Mr. SPILMAN. Heretofore it has appeared just as it reads here under the general heading of "rural delivery service." For some years it did not include the words "the making of maps," so the Comptroller held that we could not make maps for the rural service because there was no separate appropriation for the making of maps, and those words were put in there.

I think it is doubtful whether the words "rural delivery," as they appear in the item there, would make the words "incidental expenses, collection boxes, furniture, satchels, straps, badges," as included in the rural-delivery service, and restricted to that.

The CHAIRMAN. I would say that the committee has already considered that, and it is clear, in the opinion, to make that language so limited that this authority can be extended only for the items enumerated in it.

Mr. SPILMAN. For the rural service?

The CHAIRMAN. Yes.

Mr. SPILMAN. That is all we want.

The CHAIRMAN. There is no thought on the part of the committee to include traveling expenses in this item. The way the committee had tentatively considered this item was that it might read as follows: "Supplies, including collection boxes, furniture, satchels, badges, and the making of maps in the rural-delivery service."

Mr. SPILMAN. That is the very language we suggest; that is what we want.

Mr. LAMAR. And excluding everything else.

The CHAIRMAN. Absolutely excluding everything else.

Mr. SPILMAN. I think that there have been other things that have been paid for out of this item. Here is an item that the committee ought not to overlook—the purchase of devices for measuring routes. That has come out of this item, and possibly some reference should be made to that if you intend to make it more specific.

The CHAIRMAN. There is already an appropriation under the current law for incidental official expenses of the division superintendents of rural delivery.

Mr. SPILMAN. That relates to division superintendents. The question is whether or not that will give the division headquarters what they need. Let me suggest again, that the devices for measuring routes be included here if it is intended to limit this item.

The CHAIRMAN. Let me call your attention to this fact, that up to very recently the city delivery service was under the Fourth Assistant Postmaster-General, and there was an item of appropriation in this language: "For all other incidental expenses, including letter boxes and so forth," and the Department has recommended that the words "for all other incidental expenses" be omitted and the word "supplies" be substituted, without incorporating in any form any so-called incidental item.

Mr. SPILMAN. I am not suggesting the use of the word "incidental." I am suggesting as to whether, if the item is made as specific as you have stated, that it should include this item of measuring devices for rural agents. Would the estimate for supplies include such articles?

The CHAIRMAN. Is that a proper and necessary supply of the service?

Mr. SPILMAN. We think so.

The CHAIRMAN. Yes; I think so.

Mr. SPILMAN. That is my judgment in view of the restrictions that the committee contemplates putting on this item. We think that supply should be mentioned.

The CHAIRMAN. Is there any other supply?

Mr. SPILMAN. That is all that occurs to me at this moment.

The CHAIRMAN. Why do you not enumerate these items rather than put in blanket language to cover them all? Do you want the word "supplies" substituted for the words "incidental expenses?"

Mr. DE GRAW. Could not we supply that?

The CHAIRMAN. Suppose you address a letter to the committee on that point.

Mr. STAFFORD. Have you any depository where these various supplies enumerated are collected for distribution when needed in the service?

Mr. DE GRAW. No, sir; we have none, have we Mr. Cochran?

Mr. COCHRAN. No, sir.

Mr. DE GRAW. We have here in Washington; do you mean outside?

Mr. STAFFORD. I meant either here in Washington, or any other place outside.

Mr. DE GRAW. We find that there are supplies that are not all used, and we have those collected and sent to some post-office. That is only incidental; but I understood your question to be some general storehouse.

Mr. STAFFORD. I meant that, too. My question referred to some general depository from which you were distributing these supplies to the service.

Mr. DE GRAW. We have in the Bush Building at Washington.

Mr. STAFFORD. For what length of time will the supplies that you at present have on hand of these various items supply the service, such as collection boxes, furniture, satchels, straps, and badges?

Mr. DE GRAW. I don't think we have any data by which we could answer that question.

Mr. SPILMAN. There is a large quantity of collection boxes which have been withdrawn from the service from time to time.

Mr. STAFFORD. Will you need the additional boxes for furnishing the service during the fiscal year 1907?

Mr. DE GRAW. As Mr. Spilman says, there are a large number of collection boxes now on hand. The collection boxes come under the city delivery, and they have a number of those stored at Adrian, Mich., where they are manufactured. That is not a part of our office.

Mr. STAFFORD. How much of this item has been expended during the present fiscal year, and how much do you estimate will be expended for the remainder of the fiscal year, for furniture?

Mr. DE GRAW. We will have to go through the books to find that out.

Mr. STAFFORD. Can you furnish like information concerning satchels, straps, badges, and collection boxes also?

Mr. DE GRAW. We can furnish that, I think.

Mr. STAFFORD. Can you give us an estimate of the amount that will be required for the purchase of these respective designated articles that will be needed through the fiscal year 1907?

Mr. DE GRAW. Yes; I think I can. I might put that in the same statement.

Mr. STAFFORD. What is the policy of the Department at present as to furnishing furniture for use in the rural delivery service; what character of furniture is furnished, and to what character of offices?

Mr. SPILMAN. Furnished to all offices where there is rural service in operation, on requisition of the postmaster, excepting those that are in Government buildings. Under the terms of the lease the lessor is required to furnish the furniture.

Mr. STAFFORD. What is the nature of the furniture that is furnished under this item?

Mr. SPILMAN. Tables surmounted by a distributing case containing compartments.

Mr. STAFFORD. How many offices in the class that you speak of, in which the Government furnishes the furniture, are now supplied with furniture that have rural routes emanating from them?

Mr. SPILMAN. I could not tell you.

Mr. STAFFORD. Can you give me the percentage?

Mr. SPILMAN. No; I would not be able to give you that.

The CHAIRMAN. Have you made any compilation of the total amount estimated for supplies of the Department, the total amount?

Mr. DE GRAW. No, sir; only so far as our bureau is concerned.

The CHAIRMAN. I merely wish to put in the record this statement, that the current appropriation law carries an appropriation for supplies for the postal service as follows: Under the First Assistant Postmaster-General, \$550,500; under the Second Assistant, \$395,000; under the Third Assistant, \$221,000; under the Fourth Assistant, \$500,000; making a total of \$1,666,500; and that the estimates for the service for the fiscal year 1907 are as follows: First Assistant's department, \$40,000; Second Assistant's department, \$495,000; Third Assistant's department, nothing; Fourth Assistant's department, \$1,151,000; making a total of \$1,686,000, an increase of \$19,500, or 1.17 per cent. I have included all of your modified estimates; that is, in your office a decrease of \$29,000 for stationery for the postal service and an increase of \$25,000 for blanks, blank books, etc., and \$8,000 for copying presses, etc. You have made no other recommendation for a decrease.

I merely wanted to call your attention to the fact that notwithstanding the reorganization and the creation of the purchasing agent there is still an increase in the requests of the Department for appropriations for supplies; and that while the officers of the Department claimed that this reorganization and the creation of the purchasing agent's department would result in a decrease in supplies, it has not done so.

Mr. DE GRAW. Do you include in that the rural service?

The CHAIRMAN. I include everything for supplies. I am addressing my suggestion exclusively to supplies for the postal service, covering the Fourth Assistant Postmaster-General.

Mr. LAMAR. The total of appropriations administered in the division of supplies is decreased by \$80,500.

The CHAIRMAN. I have enumerated all of the various items from the four branches of the postal service, covering the supplies, and compared them with the appropriations for the current year. In your office of the Fourth Assistant Postmaster-General I have itemized them according to the items into an aggregate of \$1,151,000. You have not but one item for supplies for the rural service, and that is the item we have just been discussing of \$175,000.

Mr. DE GRAW. We certainly made a decrease there, but it seems that the other departments overlapped our decrease and added a little more to it.

The CHAIRMAN. I would like to ask you if you think, as a general administrative policy, that it is good business practice to estimate an increase of 10 per cent in expenses, when the receipts last year only increased $6\frac{1}{2}$ per cent? I merely wanted to get those items in the record as showing an aggregate appropriation under the current law for supplies as compared with the aggregate estimate of the Department for supplies for the next year, which shows that the estimates

are greater by 1.17 per cent for supplies than the appropriation under the current law.

Now, the last item is the miscellaneous item in your office. If that item should be changed to read as follows: "For miscellaneous expenses in the postal service in the office of the Fourth Assistant Postmaster-General, \$500,000," would that appropriation, in your judgment, be ample to cover the miscellaneous expenses in the postal service in your office?

Mr. DE GRAW. I think so; I don't see wherein that would necessarily change the expenditures to be made from that. Had you any idea of changing the expenditures in the body?

The CHAIRMAN. There is some question of whether or not items of expenditure for what the Auditor may call purely departmental service could be made out of that item; but my question was asked with a view of knowing whether \$500 would, in your judgment, cover miscellaneous expenses in your office in the postal service.

Mr. DE GRAW. I do not see that that change is going to make any difference.

The CHAIRMAN. There were expenditures from that item during the last fiscal year of \$254.

Before closing, are there any other questions that members feel they would like to ask of the Fourth Assistant?

Mr. GARDNER. I would like to ask a question or two on the matter of Government envelopes. No. 5 commercial envelopes; are they light or heavy, the stamped envelopes?

Mr. COCHRAN. It is a very good quality, not what you would call thin paper.

Mr. GARDNER. Is it about the average of weight of envelopes?

Mr. COCHRAN. I think it is better than the ordinary envelope. Of course that is administered by the Third Assistant, and I am simply answering because he is not here.

Mr. GARDNER. The table, part of which was put in the record this morning, showing that the Government received for those envelopes more than the cost of manufacture for envelopes, from 25 to 75 cents a thousand. Would half way between that, 50 cents a thousand, be a fair average?

Mr. COCHRAN. On all numbers?

Mr. GARDNER. Any numbers.

Mr. COCHRAN. I have not studied that sufficiently to answer, but I should say that that would approach it closely.

Mr. GARDNER. If we assumed that 50 cents a thousand is a fair average of what we call Government profit, and the envelopes average 8 pounds to the thousand in weight, and that the cost of their transportation by mail is 8 cents per pound, we then have 64 cents for postage on each thousand, and that means a loss of 14 cents a thousand to the Government on that calculation.

Mr. COCHRAN. Taking those figures, that would be so.

Mr. STAFFORD. Are you not in error in assuming that it costs the Government 8 cents for carrying those? Is it not estimated that the 8 cents cost includes the handling, not only the railway mail pay; and that when the envelopes are handled in large quantities the cost must be proportionately less? And further, that in the Third Assistant's report it appears that the excess, the difference over the cost from the

selling price, is below the cost of handling by some little amount, and that therefore the Government does not suffer a loss?

Mr. GARDNER. If the transportation of those envelopes costs the Government 64 cents a thousand, then there would be a loss on them of 14 cents a thousand.

Mr. STAFFORD. There is no denying that.

(Adjourned at 2.40 p. m.)

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Friday, February 9, 1906.

The committee met at 10.30 o'clock a. m., Hon. Jesse Overstreet in the chair.

STATEMENT OF MR. WILLIAM J. VICKERY, CHIEF POST-OFFICE INSPECTOR.

The CHAIRMAN. Mr. Vickery, while the items relative to appropriation for the post-office inspection service are found on page 2 to page 6, both pages inclusive, of the bill we have under consideration, I think the supplemental estimate which you have handed me this morning from the Postmaster-General will make it easier for you to talk to the committee concerning the whole subject of your office rather than to take it up by items.

I observe from reading this letter which you have just handed me that it covers the entire field and proposes such changes as would result in a merging of the rural service with the post-office inspection service, and I will ask you to explain to the committee the recommendations of your office in connection with this letter of the Postmaster-General.

Mr. VICKERY. The rural agents were transferred to the Postmaster-General's office and put under the chief inspector on the 1st day of December. Since that time they have been handled by the chief inspector, and the intention is to keep them in that corps.

It is very evident that the rural agent who goes to new territory to investigate for the laying out of rural routes, or visits those already existing, must go over the books of the postmasters to a certain extent. Heretofore he has been going with merely the rural service in view. Our inspectors force has had a man the same week, or sometimes perhaps about the same period of time, to go around and examine postmasters' accounts to see whether his accounts check out and whether his stock is correctly kept and invoiced. There is no question but that one man should perform both duties.

The making inspectors of rural agents would enable them to do such work as inspectors alone have done heretofore, and will frequently permit an inspector to take up work that would now be handled by a rural agent. It would prevent duplication of the work to have all the rural agents made post-office inspectors. They will then of course all travel under one direction; there will be track kept of them in the most businesslike and systematic way. The district assigned to each man will be smaller and every case, whether an inspector's case or a rural agent's case, will get more prompt attention, and it seems to me

that, not only from an outside view, but from experience I have had in the service, there is no excuse for keeping two independent investigating forces in the Post-Office Department.

The CHAIRMAN. Please explain in detail what this merger would result in in numbers and salary.

Mr. VICKERY. There are now 6 rural superintendents of divisions. The work undertaken by those men at \$2,400 apiece would be assumed by the inspectors in charge of each of the divisions, of whom there are 15, and these men would handle that in addition to their present work. Their work would be increased by that amount, and the estimate, then, is for 15 of these inspectors, \$3,000 (5 of them already have \$3,000), and the estimate provides \$3,000 apiece for the other 10, who now get \$2,500. That increase in compensation to the extent of \$500 apiece is justified by the present work, and much more so by the added rural work. The rural agents in charge of divisions, the superintendents, as they are called, at \$2,400 a year, will be dropped out by this consolidation; but these men, who should be taken care of properly, are provided for in this way.

The estimate for the Postmaster-General asks for an increase above the original estimates of 10 men at \$2,000 a year, with a \$4 per diem, in order that these division superintendents shall be appointed to those places as inspectors, and keep a salary somewhat commensurate with their present salary. They would be available, however, as a field force then to do the work of both inspectors and rural agents. In following out the consolidation there are now rural agents at \$1,600, \$1,500, \$1,400, \$1,300, \$1,200, and \$1,000 a year provided for. In the consolidation the Postmaster-General recommends that the odd salaries, \$1,500 and \$1,300, be dropped out entirely and that the number of rural agents cared for be cared for as inspectors, at the prevailing inspectors' salaries, of \$1,200, \$1,400, and \$1,600 a year, respectively.

The CHAIRMAN. That would result in the promotion of the rural agents?

Mr. VICKERY. At \$1,300 and \$1,500, yes; to \$1,400 and \$1,600, respectively.

The present force of rural agents is 167, which includes the 6 division superintendents. The Fourth Assistant Postmaster-General this year has estimated for only 161, including these same division superintendents. The Postmaster-General's proposed consolidation reduces the estimate of the Fourth Assistant from 161 to 150. The estimate of the Postmaster-General is for 10 additional inspectors at \$2,000, with a \$4 per diem; for 50 additional inspectors at \$1,600; for 50 inspectors at \$1,400, and for 40 at \$1,200, with a total expenditure of \$218,000, as against a total expenditure of \$225,900 recommended by the Fourth Assistant, a net reduction in that item of \$7,900.

Mr. FINLEY. There would be no \$1,000 class.

Mr. VICKERY. No; that, Mr. Finley, is all provided for in the estimates of the Fourth Assistant. The men that will do this work are worth more than \$1,000, without any question, and so his estimate drops out the \$1,000 class. The force brought over to me, according to the estimate, will be enough to wipe out that \$1,000 class entirely. If this change is made of rural agents to inspectors on the basis suggested by the Postmaster-General, an estimate of \$186,000 for per diem allowance for 155 rural agents, made by the Fourth Assistant, is

reduced by the Postmaster-General's estimate to per diem allowance for 150 rural agents, which is \$180,000, a saving of \$6,000 in their per diem allowance.

Mr. FINLEY. You are directly under the Postmaster-General?

Mr. VICKERY. I am directly under the Postmaster-General; yes.

Mr. FINLEY. And that will take these rural agents who will be inspectors from the Fourth Assistant and place them under the Postmaster-General?

Mr. VICKERY. As a matter of fact, Mr. Finley, they have been so taken by the reorganization of the Department on the 1st of December.

Mr. FINLEY. I have never gotten that quite straight.

Mr. VICKERY. The only proposition now is whether they can not be consolidated to advantage and all made inspectors instead of having two forces of independent agents under the chief of inspectors.

Mr. FINLEY. I believe you said that they have been duplicating work sometime?

Mr. VICKERY. Yes; as it is now there is duplication of work in many cases. Following out the consolidation, the estimate of the Fourth Assistant for incidental and other necessary official expenses, \$40,000, and salaries of clerks at division headquarters under the rural agents was \$48,000. In the opinion of the Postmaster-General the consolidation will result in cutting that at least \$3,000, and he estimates for \$85,000 instead of \$88,000. I am satisfied that it will work out a greater reduction than that after the consolidation is effected.

Mr. FINLEY. Has the Department considered the advisability of a higher grade of the class of men who have been rural agents, say the \$1,600 class? None of those men will be provided with promotion when they get under—

Mr. VICKERY. The \$1,600 class is at the same limit as has always been fixed for the field force of post-office inspectors. I have never believed that is enough to pay for the highest class of rural agents or inspectors either; but that is the limit we have reached.

Mr. FINLEY. That is the law?

Mr. VICKERY. Yes; that is the appropriation. There is a provision—I believe you were out when it was mentioned, Mr. Finley—a provision here for 10 men at \$2,000, with a \$4 per diem in order to provide for the 6 superintendents and for Mr. Hathaway—

Mr. FINLEY. No; I was present when you said that.

Mr. STAFFORD. Kindly continue your statement; you started to say something about Mr. Hathaway.

Mr. VICKERY. I say 10 are provided for instead of 7, on the idea it will afford a natural promotion for good rural agents or inspectors, either, after the consolidation of the forces.

The CHAIRMAN. To the extent of 3?

Mr. VICKERY. To the extent of three additional.

The CHAIRMAN. Is that as far as you care to go on your general explanation?

Mr. VICKERY. Yes; I think that covers it. I will be very glad to answer any questions.

The CHAIRMAN. Briefly, the revised recommendation which you have just explained embodies the merging of the present force of so-called rural agents and the six superintendents of rural divisions with the post-office inspection department?

Mr. VICKERY. It makes them all inspectors.

The CHAIRMAN. It makes them all inspectors. Under your recommendation you propose to designate the present six superintendents of division as post-office inspectors of the grade of \$2,000 with \$4 per diem allowance?

Mr. VICKERY. Yes.

The CHAIRMAN. And to transfer the rural agents now in the service directly to the corresponding grades as to the salaries and the post-office inspection service, except the fifteen hundred and thirteen hundred dollar rural agents' salaries are abolished, and those now received in that sum would be transferred as of grades of \$1,400 and \$1,600?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. How do you propose to transfer these agents and superintendents of division—simply by an order of the Postmaster-General?

Mr. VICKERY. There will be reappointments for all of them; each one will have a reappointment.

The CHAIRMAN. Are they all in the classified service?

Mr. VICKERY. All are in the classified service.

The CHAIRMAN. Are six division superintendents in the classified service?

Mr. VICKERY. Yes; and I have taken up this with the secretary of the Civil Service Commission in order to be sure that there might be no hitch about the matter, and I am assured that they may be transferred to our force without any further examination.

The CHAIRMAN. Then there will be required no legislation and no Executive order to empower the Postmaster-General simply to appoint these six division superintendents and the present personnel of the rural agents to these respective places in the inspection division?

Mr. VICKERY. None whatever.

Mr. GARDNER. Mr. Chairman, it seems to me that a transfer is one thing and the appointment of men whose offices have been abolished is another thing.

The CHAIRMAN. Except, I presume, under civil-service law a person can be appointed to the civil service within twelve months after his separation from the service without examination.

Mr. VICKERY. These men will be one thing until the 30th of June and the next morning they will wake up the other thing.

The CHAIRMAN. But over night the rural service has been abolished.

Mr. SNAPP. A little thing like that won't be anything difficult for the Civil Service Commission.

Mr. VICKERY. The secretary of the Civil Service Commission, as I have said, has assured me that the transfer could be made, and that if there was anything in the rules of the Civil Service Commission that might seem to be in the way of it that they would provide for it. But now the same examination is required for rural agents as is required for inspectors. Those who were in the service before this had to take examinations under the civil-service rules.

The CHAIRMAN. Is that also true of these division superintendents?

Mr. VICKERY. Yes; I had Mr. Doyle's verbal assurance that that is the case. None of these steps would be sought except for that assurance.

The CHAIRMAN. How many men are now in the grade of \$2,000 as post-office inspectors?

Mr. VICKERY. Fifteen.

The CHAIRMAN. They do not receive any per diem?

Mr. VICKERY. They receive no per diem; no.

The CHAIRMAN. Why would you provide a per diem for a part of the \$2,000 grade and not for all of them?

Mr. VICKERY. Well, as I say, the estimates provide for the 15 men that we have at \$2,000. They are men assigned exclusively to work in the large cities, they are allowed extra expenses when any special emergency takes them away, but practically they get no expense allowance, they are confined to the cities. The idea was that these rural men and the three other places would not be under the same rule, they would be required to travel, and with their experience in the rural service they could be more efficient in looking after that work, and should have the per diem granted in the other bureaus to the \$2,000 men.

The CHAIRMAN. And you would use the 10 men merely providing for the \$2,000 grade in the field?

Mr. VICKERY. Yes, sir; that would be the intention.

The CHAIRMAN. If this merger should be authorized would you consider that all of the rural agents and the superintendents of division of rural delivery would have the same authority and the same privilege of assignment that now obtains with all the other post-office inspectors?

Mr. VICKERY. Absolutely.

The CHAIRMAN. To do any of the work?

Mr. VICKERY. To do any of the work. The only thing is this: A rural agent could not do the more difficult kind of work; he would have to learn that by degrees.

The CHAIRMAN. I am speaking now more particularly of authority—that they would be put on practically the same footing with all other post-office inspectors and subject to assignment the same as any other post-office inspector.

Mr. VICKERY. Oh, yes, sir.

The CHAIRMAN. Under similar conditions of merger, would you regard the authority of the post-office inspectors now in the service subject to assignment to-day, what is now known as the work of a rural agent?

Mr. VICKERY. I think so.

The CHAIRMAN. So they would be absolutely interchangeable?

Mr. VICKERY. Yes.

The CHAIRMAN. But the next day after this law went into effect you could assign a man who had been a rural agent to do detective work as a post-office inspector and assign a post-office inspector to inspect a rural route?

Mr. VICKERY. That would be possible, but it would not be thought of as a probability. In fact, we have but one or two—

Mr. FINLEY. In that connection, is not that done now at Denver, Colo.?

Mr. VICKERY. At Denver, Colo., all the rural investigation is done by inspectors.

Mr. FINLEY. There are no rural agents assigned to that division of the work, as I understand it, and all that work is done by post-office inspectors?

Mr. VICKERY. Yes, sir.

• Mr. FINLEY. Surveying all routes, laying them out, and investigating them?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. Under this proposed merger, what is contemplated in reference to the clerks at present employed at division headquarters with the division superintendents of rural delivery?

Mr. VICKERY. The clerical force, it is expected, will be divided up and assigned to different inspectors in charge in the different divisions.

The CHAIRMAN. Are they considered in making your estimate for the clerical work of the post-office inspection service?

Mr. VICKERY. They are added in this sum here in the proposed change; it is a reduction.

The CHAIRMAN. But at all events, you take into account the necessity for additional clerical work?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. In the post-office inspection service?

Mr. VICKERY. Yes.

The CHAIRMAN. How many do you provide for, in addition to those now provided for, for the post-office inspection clerical force? In other words, how many clerks now employed at division headquarters of rural delivery do you contemplate continuing as clerks at headquarters of the post-office inspectors in charge?

Mr. VICKERY. Until we get a reassignment made we can not tell how many we may dispense with.

The CHAIRMAN. I am talking about your estimate.

Mr. VICKERY. The estimate of the Fourth Assistant Postmaster-General is for \$40,000 for expenses and \$48,000 for clerks.

The CHAIRMAN. Do you divide that \$48,000 for clerks into clerks of certain salaries?

Mr. VICKERY. If it is to be handled with the inspectors, we have, as you remember, a lump sum out of which the clerks are paid; out of the other expenses—

The CHAIRMAN. That is what I am trying to develop; that in this so-called merger you are simply merging the appropriations for clerks of postoffice inspectors with the clerks at present employed in the rural-division headquarters.

Mr. VICKERY. With a reduction of \$3,000 in the item of expenses and clerks.

The CHAIRMAN. Under the current law there is an appropriation of \$100,000 for salaries of clerks and laborers at division headquarters, miscellaneous expenses of division headquarters, traveling expenses of inspectors without per diems, and inspectors in charge, expenses incurred by field inspectors not covered by a per diem allowance, and traveling expenses of chief post-office inspector, and also an item of \$48,000 appropriation for clerks at the headquarters of superintendents of rural divisions, amounting in number to 46 clerks. Now, if I understand you, you simply merge this amount for clerks at division headquarters with your total sum to cover salaries of clerks and laborers and expenses at division headquarters of post-office inspectors?

Mr. VICKERY. That is the estimate, yes.

The CHAIRMAN. With the \$3,000 reduction?

Mr. VICKERY. With the \$3,000 reduction. Then that will carry, Mr. Chairman, one other item. There is now in the rural service an expense connected with—

The CHAIRMAN. I was going to ask you about that; that also covers the item of \$40,000 as now authorized for incidental and other official expenses of division superintendents?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. And livery hire?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. Then if that authority is given you, Mr. Vickery, it would give you a total sum of how much—\$200,000?

Mr. VICKERY. Two hundred thousand dollars; yes.

The CHAIRMAN. Two hundred thousand dollars appropriation, out of which you would propose to pay the salaries of all the clerks and laborers at the headquarters of the post-office inspectors, the miscellaneous expenses of those divisions, the traveling expenses of inspectors without per diems, and of inspectors in charge, expenses incurred for field inspectors not covered by a per diem allowance, and traveling expenses of the chief inspector, and the incidental expenses and livery hire?

Mr. VICKERY. And stenographic work.

The CHAIRMAN. And stenographic work. Have you any data that would separate these various items and segregate them as I have enumerated them?

Mr. VICKERY. I do not believe it could be done.

The CHAIRMAN. How did you arrive at your estimate?

Mr. VICKERY. I want to say in the first place, I think there is an expenditure of approximately \$5,000 a year from there that is covered by this new estimate; that is, repairs to their fifth wheels for measuring distances of roads and for the purchase and repair of typewriters. That has heretofore been paid out of another appropriation by the Fourth Assistant Postmaster-General. I don't know the total of his appropriation, but it has included rent for quarters and that kind of thing. It has amounted to some \$5,000 heretofore, and we will have to add that to the list you enumerated of expenditures.

The CHAIRMAN. Now, the item covering salaries, clerks, and other expenses at division headquarters, the post-office inspectors in charge for the current fiscal year, carried \$100,000.

Mr. VICKERY. Yes.

The CHAIRMAN. The item for clerks at the headquarters of division superintendents, rural delivery, carries \$48,000, and the item covering livery hire of rural agents covered \$40,000, making a total, of \$188,000.

Mr. VICKERY. Yes.

The CHAIRMAN. Now you propose to merge those three services in the interest of economy and ask for \$200,000?

Mr. VICKERY. But in the estimate for inspectors alone there is an estimate of an increase of \$15,000. So that that \$12,000—

The CHAIRMAN. That is on account of the traveling expenses of additional inspectors?

Mr. VICKERY. Yes. Now, it may seem like rambling a little bit, but it is embarrassing, the situation as between the departmental force and the field force, and I think there is an item that should result in a saving if some way can be found by which the legislative bill can take it up. I refer to the map drawing for the rural people. This map drawing, in my opinion, should all be done in Washington under the topographer. That work is now scattered over the country in the

hands of draftsmen and clerks who work as draftsmen, and their time I do not think is as economically employed as it could be if the work were done here, and if some provision of that kind could be made it would reduce the necessity of the appropriation in this bill by at least \$7,000. I think you can cut that expense down by \$7,000 at least if you will put the map drawing in the topographer's office. But in that case he ought to have an increase in his map-drawing force to take care of it.

The CHAIRMAN. An item is carried in the supply division, now under the Fourth Assistant Postmaster-General, for making of maps for use in the rural delivery service. Is that where this item is paid?

Mr. VICKERY. They are furnishing their supplies for that. They furnish blueprint paper and tracing paper. All such things are furnished from the supply division for this field force of draftsmen.

The CHAIRMAN. And then do I understand that there are clerks paid for from another item of appropriation who really do the work of the drafting of the maps?

Mr. VICKERY. You will find at Indianapolis, for instance, that there are two clerks in the office of the superintendent of the rural division who are draftsmen and who are drawing maps.

The CHAIRMAN. And who are paid for out of this \$48,000?

Mr. VICKERY. Yes; out of this \$48,000.

The CHAIRMAN. And if those clerks were merged with the clerical force of the post-office inspectors' divisions as you recommend they would still be paid for—

Mr. VICKERY. Out of the \$200,000.

The CHAIRMAN. Now, Mr. Vickery, in your proposition to merge the rural delivery service with the post-office inspectors' service, you estimate for 150 rural agents?

Mr. VICKERY. Yes.

The CHAIRMAN. No increase in the number of that personnel of agents?

Mr. VICKERY. It is a decrease.

The CHAIRMAN. It is a decrease. But how many post-office inspectors do you propose by your recommendation by way of new appointments? In other words, how much do you increase the post-office inspection service in numbers? You propose six, by the appointment of these six division superintendents. That would increase it that much, but I mean exclusive of the rural agents and the six division superintendents whom you recommend virtually to be transferred to the post-office inspection service, how many new appointments for this service do you include in your estimate?

Mr. VICKERY. There is no estimate for an increase of appointments.

The CHAIRMAN. Of additional men?

Mr. VICKERY. Of additional men in the—that is, coming from the rural service?

The CHAIRMAN. I mean the post-office inspection service.

Mr. VICKERY. In the inspector service?

The CHAIRMAN. Yes.

Mr. VICKERY. The original estimate, of course, with which this is intended to merge, asked you for four additional men at \$2,400, city inspectors, and ten at \$1,600, an increase of 14 in the force of inspectors.

The CHAIRMAN. Who is Mr. Hathaway, whom you have mentioned?

Mr. VICKERY. Mr. Hathaway has been the supervisor in the city here of rural agents; he has been paid for out of the legislative appropriation, as I understand it.

The CHAIRMAN. You recommend a virtual transfer of 150 rural agents and 6 division superintendents of rural delivery and Mr. Hathaway to the post-office-inspection service, making a total of 157. Is that right?

Mr. VICKERY. No; just 150 altogether.

The CHAIRMAN. One hundred and fifty including those 7?

Mr. VICKERY. Yes.

The CHAIRMAN. Now, there are in the service at present 226 post-office inspectors?

Mr. VICKERY. Yes.

The CHAIRMAN. If you add 226 and 150 it would make a total of 376 in that service; and now how many does your recommendation include in totals—just 376?

Mr. VICKERY. I think so.

The CHAIRMAN. I do not understand from your explanation whether it contemplated the appointment of any new men in the post-office-inspection service, I mean increase in number. If you should merge and your various recommendations should be approved how many men would you then have in the force of what you would then call the post-office-inspectors' service.

Mr. VICKERY. Three hundred and ninety I make it.

The CHAIRMAN. Then that would make an increase?

Mr. VICKERY. Yes; an increase of 14.

The CHAIRMAN. Then you ask for an increase of 14.

Mr. VICKERY. Now, we are decreasing on the other side—

The CHAIRMAN. If you transferred the 7 men, 6 of whom are now superintendents of divisions in rural delivery, and who would be relieved from their present duties as such superintendents, would you not regard them as a part of your original estimate of 14 new men?

Mr. VICKERY. We are providing, Mr. Chairman, I think, in another way for that same net reduction. If you take the number of rural agents that the Fourth Assistant asks for, 161, we have asked for 150 only, so that reduces his estimate by 11. The net increase, then, is only 3. If we add the two forces together, as they are estimated in this by the Fourth Assistant, we have reduced his estimate by 11 of the rural agents; if you give us the increase in the inspectors by 11 it makes a net increase of only 3.

The CHAIRMAN. Your estimate of an increase for 14 inspectors was made irrespective of the work of rural agents?

Mr. VICKERY. Before the merger was thought of.

The CHAIRMAN. And based, I assume, primarily upon the idea that you would need that many more post-office inspectors in purely post-office inspection service?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. If you should transfer to the post-office inspector service in addition to your rural agents who will take care of the so-called rural inspection service and inspect rural service and inaugurate it, and so forth, 7 other men, would not that make one-half of your 14?

Mr. VICKERY. It would make half in number of 14, yes; but the fact is, of course, that those 7 men coming in in the higher grade places

without any experience in the work of inspectors would hardly fill the bill as regards the specialized work that is to be done. We will have to regard that, of course, as the work of the two forces can not be for some time absolutely interchanged.

The CHAIRMAN. How do you propose, in this merger, to employ these 7 men—Mr. Hathaway and the 6 division superintendents—on post-office inspection service, so called, or upon the higher grades of inspection of rural service?

Mr. VICKERY. My expectation was for the first year, at least, to keep them busy with the higher grade of rural work, supervising the work of agents as field men, going out, and in difficult cases in the rural service, as the men would be the most competent men to pass on that kind of cases, as traveling men, and incidentally let them become familiar with the other work. The combination can not be made, of course, in the first year by any means, not complete.

Mr. STAFFORD. Can you give the number of clerks now employed at the various division headquarters of inspectors?

Mr. VICKERY. Yes.

The CHAIRMAN. And their salaries?

Mr. VICKERY. Yes, sir.

Mr. STAFFORD. Will you kindly give it?

Mr. VICKERY. In the offices of inspectors there are 54 clerks and laborers employed; 9 at \$1,600, 5 at \$1,400, 9 at \$1,200, 10 at \$1,100, 17 at \$1,000, 2 at \$900, and 2 laborers at \$660.

Mr. STAFFORD. Are these clerks all employed at division headquarters away from Washington?

Mr. VICKERY. No; there are of that number several in Washington. I can give you the exact number in a moment. They are in the office, however, of the inspector in charge of this division; they are not in the Department; they are in the office of the inspector in charge in Washington; four clerks.

Mr. STAFFORD. Receiving what salaries?

Mr. VICKERY. Receiving the following salaries: One at \$1,600, 1 at \$1,100, and 2 at \$1,000.

Mr. STAFFORD. In the proposed consolidation of the rural agents, and particularly the discontinuance of the division headquarters of division superintendents of rural delivery service, is it proposed that you discontinue the offices over which those six division superintendents have charge?

Mr. VICKERY. Yes; it is proposed to discontinue them as separate offices. The work will be transferred to the inspectors in charge who cover the country.

Mr. STAFFORD. Are you acquainted with the kinds of work that the division clerks now assigned to the division headquarters of rural delivery service are performing?

Mr. VICKERY. Not in such detail as I expect to be able to give it before the 1st of July. They were transferred to me only on the 1st of December. Their work is to make record of the rural delivery cases sent to the division headquarters, to keep the books recording the assignment of these cases to the men in the field, to check off those cases if they come back with reports, to go through the reports and verify them by the maps as they come in, and to attend to the clerical work incident on sending them back after the superintendent has passed on them. Then other clerks in these division headquarters,

and perhaps sometimes the combined, are draftsmen who make maps from the reports and surveys of the rural agents, and in some cases they make blueprints and do other work in that line. Moreover, this clerical force at division headquarters has to pass upon the diaries and the accounts of the rural agents, each one of whom has to send in a sworn statement of his expenses together with a sworn diary of each month, and they have to be gone through very carefully by the clerks.

Mr. STAFFORD. And these 46 clerks now provided for in the post-office appropriation bill have worked at division headquarters rural delivery service. How many performed the work of draftsmen, which you suggest should be transferred to one division located either here or some other place in the country?

Mr. VICKERY. I think there have been several resignations. There have been about 12, I think, who have some knowledge of drafting. It is unfair to say that there are that many doing that work, because they are clerks doing that work and other work; they are interchangeable; but the best estimate is that 7 draftsmen could do the drafting work required if they were under one management where it could be handled systematically and nothing else given them.

Mr. STAFFORD. Will there not be some duplication of clerical work that would permit of the discontinuance of some of the clerical services now performed in the division headquarters of the rural delivery service by the proposed merging?

Mr. VICKERY. I haven't any doubt that there will be. That will have to be developed, though, a little later. I am satisfied, though, that the clerical force will be reduced. It is not contemplated to remove anyone, because vacancies are constantly occurring by resignation and deaths, and because of the uncertainty that has prevailed as to this service there are already several clerical vacancies existing in the rural delivery service. In other words, there are now employed at rural delivery headquarters to-day 40 clerks instead of 46; there are 6 vacancies being held open.

Mr. STAFFORD. And there is no need to fill those 6 vacancies by reason of the present work?

Mr. VICKERY. It is not necessary now, in my opinion; no.

Mr. STAFFORD. And they would not be under the reorganization, in your opinion?

Mr. VICKERY. I think not.

Mr. STAFFORD. What is the character of the work performed by clerks in division headquarters of inspectors who receive \$1600?

Mr. VICKERY. Those are what we call the chief clerks, who have perhaps the supervision of the entire clerical force in such an office, and do what would be counted the most nearly executive work. For instance, a chief clerk handles all the money sent in by the inspectors in the field, amounting to something like \$480,000 collected last year. They are in charge of the supervision of all the correspondence, which is a large item in itself, in division headquarters.

Mr. STAFFORD. What rule do you follow in increasing the salaries of clerks at division headquarters, when there is no segregation of clerks at respective salaries, but merely a lumped appropriation, as has been the rule in prior bills.

Mr. VICKERY. There has never been any definite rule established. Pardon me for saying I have been chief inspector only for a year and a half, and there had never been any fixed rule before my time; but

the hope is to fix a grade or three grades for those division clerks; they should be at \$1,200, \$1,400, and \$1,600 a year.

Mr. STAFFORD. Are there any other clerks employed at these division headquarters below those salaries that you just recommend?

Mr. VICKERY. We shall have to have, of course, for some time at least a thousand-dollar grade, but in the nature of the work these people should all be at those higher grades eventually. As I say, no rule has been fixed yet.

Mr. STAFFORD. Is it not a pretty high salary for a clerk doing only clerical service to start in at a thousand dollars as compared with the pay received for high, efficient, clerical work in private business establishments in the respective cities where these division headquarters are located?

Mr. VICKERY. The clerks that we choose are all competent stenographers and typewriters. They now start in at \$900 or a thousand dollars, higher than they would in private, business or corporations, but the limit being fixed as it is for promotion practically ties them to \$1,400 or \$1,600 at the outside as the highest salary they can reach. They can not be promoted, you see, as clerks can be and often are in outside business.

Mr. STAFFORD. At a \$900 salary a clerk doing stenographic work would receive a salary of something in the neighborhood of from \$16 to \$18 a week. Do you not think that is considerably higher than what is paid for a most efficient stenographer doing work in these respective cities in an outside business?

Mr. VICKERY. I suppose it may be.

Mr. STAFFORD. And yet you believe they should start in in your service at \$1,000.

Mr. VICKERY. Nine hundred dollars is the highest we have started them.

Mr. STAFFORD. But you recommend that they should now be started at \$1,200.

Mr. VICKERY. I say eventually.

Mr. STAFFORD. As I understand your recommendation, you said that there should be but three classes—those receiving \$1,600, \$1,400, and \$1,200?

Mr. VICKERY. Yes; I said that.

Mr. STAFFORD. Do you wish to change that recommendation, in view of the statement you have just made, that \$900 or \$1,000 you would consider a good salary for stenographic work in these respective cities?

Mr. VICKERY. I did not mean to make that as a recommendation; I meant to say that that would be proper eventually. It is not intended to put that into effect with this appropriation, because I realize that with the present condition of revenues that will not be a proper thing to do.

Mr. STAFFORD. Do any of these clerks below the grade of \$1,600 do any special character of work other than stenographic work, such as is performed by clerks in outside business establishments?

Mr. VICKERY. Yes; they do, but we have not a \$1,600 clerk in each of the divisions even now; some of the chief clerks are still at \$1,400. If you notice, we have nine only of the highest grade for fifteen divisions, so that the chief clerk in at least four or five divisions would be \$1,400.

Mr. STAFFORD. As to the other clerks beneath those grades, what are the works that are performed by them other than those usually performed by a high-grade stenographic clerk in a large business establishment?

Mr. VICKERY. Well, one line of work is in handling the A cases, registered mail, in which there is a certain amount of familiarity required with the postal regulations; there is the handling of registered letters; the cases involving losses or rifling go to those clerks, and they have to conduct the correspondence in regard to those cases, and very often a case is fully explained and closed by the clerk without it going to the field for inspection by an inspector. The clerks are required to be pretty familiar with postal laws and regulations, and with the handling of the mails in transit, and they are charged in some cases with the handling of moneys; in the absence of a chief clerk these other clerks are compelled to do these duties.

Mr. STAFFORD. Do any of these clerks receive a per diem or other allowance for work outside of the offices?

Mr. VICKERY. No, sir.

Mr. STAFFORD. What objection would there be to a segregation of these clerks according to the respective salaries that they now receive?

Mr. VICKERY. Merely this, that we find this embarrassment in the matter. It happens in the case of inspectors you will find every year that a large amount of the appropriation is not exhausted. Inspectors, for instance, are segregated at fixed salaries. If an inspector is absent from duty, he is allowed twenty days' annual leave and twenty days' sick leave, and if he is absent beyond that time he gets no salary, there is no pay, and of course he gets no per diem. In such a case there is nobody available as a substitute to do the work. We can not make a temporary appointment, and therefore we can not get the work done. We can not appoint a new man, and it is not always proper to drop a man who is absent longer than the forty days or whatever leave he has coming to him, because he may be sick beyond that time, and of course we do not want to drop him. So we have found with the varying amount of work and the absence at times of certain of our men, that at times we have been compelled to assign extra clerks, perhaps only temporarily, and then those clerks may be changed afterwards, when the clerk who was disabled or away on account of sickness comes back to duty. That is the main objection I see to a segregation of the clerks by salary.

The CHAIRMAN. You say these inspectors on salary are given twenty days of annual leave with pay?

Mr. VICKERY. Yes.

The CHAIRMAN. Under what authority of law?

Mr. VICKERY. I do not know; I know it is the practice.

The CHAIRMAN. How long has the practice existed?

Mr. VICKERY. I can only speak about it as to the last seventeen years; that is the time I have been an inspector.

Mr. STAFFORD. The reason you have just advanced against the proposed segregation goes rather, does it not, to having a special class for substitutes for inspector service when your regular inspectors are disabled and unfit for duty?

Mr. VICKERY. That might be; yes.

Mr. SNAPP. How, generally, do they take that twenty days' sick leave?

Mr. VICKERY. Very infrequently; the inspectors do not avail themselves of the sick leave to anything like the extent that it is availed of in the Departments. They must make an affidavit or furnish a physician's certificate if they are absent on account of sickness.

Mr. SNAPP. Under what authority of law is the sick leave given?

Mr. VICKERY. We have to suppose the other, the annual leave, and then the sick leave follows on the theory that sick leave to the extent of an annual leave can be allowed.

Mr. SNAPP. What do you mean by "can be"?

Mr. VICKERY. That, I understand, is the practice. I am not seeking to justify it.

The CHAIRMAN. But I am seeking to have it explained; will you be kind enough to cite us to the authority of law for that?

Mr. VICKERY. I think I may say now that there is no law authorizing it; I have never found it, and I have hunted for it.

The CHAIRMAN. If you have been able to get along with this service in the past by permitting inspectors twenty days' annual leave with pay and twenty days' sick leave, if they are sick, on the various appropriations allowed you, you could get along, could you not, if you observed the law in reference to leaves of absence with pay.

Mr. VICKERY. As I say, I do not know as to the authority; I have understood that the Postmaster-General had provided by a regulation for that leave; we have not changed any practice.

The CHAIRMAN. How much was paid during the last fiscal year to post-office inspectors on account of their leave with pay—on account of each having twenty days' annual leave with pay?

Mr. VICKERY. I haven't any figures to show that.

The CHAIRMAN. Have you any data from which that could be obtained?

Mr. VICKERY. I think with a week or so of work we might be able to find out how much leave of that kind was taken.

Mr. STAFFORD. Would there be any need of making provision for any more laborers than the two that are now in the service, receiving salaries of \$660, if these various items were segregated by classes?

Mr. VICKERY. I do not believe there would be.

The regular annual increase of the work that is handled might require a few more clerks, but if the consolidation is made I do not suppose there will be any need of that.

Mr. STAFFORD. Can you give an estimate of the amount that will be necessary for the traveling expenses of inspectors without per diem and of inspectors in charge, expenses incurred by field inspectors not covered by per diem allowance, and traveling expenses of chief post-office inspector?

Mr. VICKERY. I could not. That is necessarily a variable item. A case may demand a certain kind of expenses in the way of livery hire and driving and telegraphing that can not be estimated in advance. As you understand, the inspectors in charge of divisions, some of the most competent inspectors we have, in fact, as a rule, those longest in the service, are sent out on special kinds of work which involve expense; and then there are the city men whose actual expenses must be paid while they are away from their established places. Now, there is no way of foretelling what emergencies may occur in any one year that would increase or decrease these expenses.

Mr. STAFFORD. If we deduct the amount of the salaries for the various clerks you have enumerated, both in division headquarters and headquarters of inspectors and the division headquarters of division superintendents, from your aggregate amount, would that not be the gross amount that you would ask for for the service?

Mr. VICKERY. It should be, yes; if the clerical force, in other words, is limited to a certain amount, the balance would naturally have to cover the other expenditures.

Mr. STAFFORD. But, as you say, that is a variable quantity.

Mr. VICKERY. Yes; it is.

Mr. STAFFORD. Do you know in general amount how much it varies in different years?

Mr. VICKERY. I don't know whether I can tell that.

Mr. STAFFORD. The figures for each year have been more nearly exact.

Mr. VICKERY. For the clerks and expenses of the year 1904 the appropriation was \$98,670. For clerks \$97,000—

Mr. STAFFORD. That was for the entire year?

Mr. VICKERY. Yes.

Mr. STAFFORD. Ninety-seven thousand three hundred and fifty dollars.

Mr. VICKERY. And for laborers \$1,320; in all \$98,630.

The CHAIRMAN. It ought not to be that. Ninety-seven thousand three hundred and fifty dollars was the total appropriation for that item for 1904.

Mr. VICKERY. Well, the expenditures that year were only \$84,646.21. There was unexpended \$14,025.79.

Mr. STAFFORD. Can you give the expenditures out of these items for the fiscal year 1905?

Mr. VICKERY. For 1905, for clerks, laborers, and expenses, \$85,000. I ought to say that that appropriation went through. There had been \$95,000 asked for and in my absence in September they found it was a smaller amount than they had counted on and they were much alarmed for fear that they would run short, and they estimated a deficiency of \$10,000, and the appropriation committee gave that to us. But we did not use it, fortunately. But of the \$85,000 appropriated, \$84,386.81 was the sum expended.

Mr. STAFFORD. Have expenditures out of this item for clerks and laborers during the fiscal years 1904 and 1905 been about the same?

Mr. VICKERY. They were practically the same, yes; in those two years, practically the same.

The CHAIRMAN. You said that during the fiscal year 1905 you asked the Appropriation Committee for an additional \$10,000, which was granted, but that you did not expend any of it.

Mr. VICKERY. That is true.

The CHAIRMAN. Then the recommendation of \$85,000 of this committee was more nearly accurate than your own estimate?

Mr. VICKERY. Yes; as a matter of fact, it was. I felt, being a new official, that we should not have any deficiency—I think that is a proper idea always—and we cut down every expenditure to the bone in order to prevent any deficiency. Instead of getting new typewriters and other things we needed we got along the best we could with the old things.

The CHAIRMAN. Was the service impaired thereby?

Mr. VICKERY. To some extent it was; yes.

The CHAIRMAN. In what respect?

Mr. VICKERY. We were not able to get proper furniture or typewriters that we needed.

The CHAIRMAN. I am speaking of the general force; they were not as comfortably fixed, perhaps, but did they perform their duties all right?

Mr. VICKERY. We got through; yes.

The CHAIRMAN. Then for the present year we appropriated \$100,000 for this item?

Mr. VICKERY. Yes.

The CHAIRMAN. How much of that is yet unexpended?

Mr. VICKERY. I could not tell you. Those figures are slow coming in.

The CHAIRMAN. Well, what was the last date you had any information about the expenditures of this item?

Mr. VICKERY. I made no memorandum of that, but I could get that for you. I think at the close of the first quarter we took some kind of figures. In the first quarter I find from that appropriation of \$100,000 there was expended \$22,562.45.

Mr. STAFFORD. Of that amount can you give the proportion that was expended for other than salaries?

Mr. VICKERY. I could not; I have not those figures prepared.

Mr. STAFFORD. Can you furnish the committee with the amount that was expended for other purposes than salaries up to the end of the second quarter?

Mr. VICKERY. The amount of salaries?

Mr. STAFFORD. The amount expended from this appropriation during the present fiscal year for purposes other than salaries up to the end of the second quarter?

Mr. VICKERY. Yes.

Mr. STAFFORD. What is the varying, different kind of work performed by inspectors receiving the salaries of \$1,600, \$1,400, and \$1,200 per annum?

Mr. VICKERY. With the exception of a man at \$1,200, who is on probation and is really learning the trade for the first year or more, there is no discrimination in the kinds of work assigned. Certain men have special qualifications for certain lines of work, and the inspector in charge and the chief inspector try to keep track of that and keep those men at the lines of work for which they are suited. There may be, however, a man getting \$1,400 or even \$1,200, as we are segregated now, doing exactly the same grade of work that a man is doing who is getting \$1,600, the only difference being the longer experience, and of course the experience of a good man does fit him for better work as he goes along.

Mr. STAFFORD. What is the difference in the kinds of work required by rural agents in the respective classes, \$1,600, \$1,500, \$1,400, \$1,300, and \$1,000?

Mr. VICKERY. None in proportion to the salaries, except what comes from experience and the better fitness.

Mr. STAFFORD. In the proposed reorganization do you contemplate that any man in the service will be engaged exclusively on work connected solely with the rural service, whether it be in laying out routes or inspecting them or in depredations connected with them?

Mr. VICKERY. I had no such idea in contemplation. There will be men assigned more especially to rural work, but they will be expected to do incidental work that comes from the inspector's side, the theory being, of course, that in that when the forces are amalgamated we will, as far as possible, try to use a man for the work for which he is best fitted, but incidentally in carrying on that work he will take whatever work in the other line comes up for him to do in the same territory.

Mr. STAFFORD. Won't there always be, in fact, some of the men, as the rural service becomes completed, to give their sole attention to that which is directly concerned with the rural service?

Mr. VICKERY. I think not. In other words, a rural man who goes even to inspect a rural route, or to establish one, there is no reason why he should not be a man capable of doing it, and should not also take up the inspection of the fourth-class post-offices and smaller Presidential offices that he must visit.

Mr. STAFFORD. That work of inspecting fourth-class post-offices, and even third-class post offices, is a little detail work that any rural agent, I agree, would be qualified to perform; but do you contemplate that they should perform any other work than merely examining the books of the respective postmasters outside of their present duties in the line of inspection work?

Mr. VICKERY. I think there should be no reason why they could not investigate at the same time with this other work any charges that might be made against postmasters or clerks, their efficiency or standing, such as inspectors now investigate. They surely could make inquiries as to the bonds of postmasters, which are now reported on by post-office inspectors—the sureties given by the postmasters.

Mr. STAFFORD. That is the same character of work you mentioned as to the examination of the books of the postmasters?

Mr. VICKERY. Yes, sir.

Mr. STAFFORD. Requiring only a slight knowledge of bookkeeping and the like. As the rural service becomes complete in certain sections of the country where the petitions for new installation have been covered and county service has been established, is there as much need for the same number of rural agents as are now employed for purely rural-mail service?

Mr. VICKERY. That will be reducible as the service becomes fairly well established, I think. There is no question about that: it will not need as many men after it has gotten into working order as it will at first.

Mr. STAFFORD. If those two services were kept separate, as at present, would it not necessarily result in quite a number of the rural agents now employed in the service having no work to do by reason of the complete establishment of the rural-mail service?

Mr. VICKERY. I am not prepared to say as to that because the rural agents will have to do whatever work the Fourth Assistant Postmaster-General assigns to have investigated. I have no means of telling about that. For instance, he may order an inspection of every rural route at any time. That work comes from him. The field service must handle it, and while I think it is a fair assumption that the field force can be and will be eventually reduced; that it certainly would come in the next year or the year after. It can not be prophesied.

Mr. GARDNER. What occasion is there for the rural route being often inspected?

Mr. VICKERY. I do not know of any.

Mr. GARDNER. There is no bookkeeping; no financial account in connection with it?

Mr. VICKERY. The only thing, I suspect, would be to find out whether the patronage of the route was such as to warrant its present shape, or whether the route should be changed in some respect.

Mr. GARDNER. And that would be at rare intervals?

Mr. VICKERY. Yes.

Mr. STAFFORD. How many rural agents in the respective classes are now in the service?

Mr. VICKERY. There are now in the service 6 superintendents of divisions of rural agents at \$2,400; 25 at \$1,600; 18 at \$1,500. Rather, I should say, 18 are provided for, but there is 1 vacancy.

Mr. STAFFORD. I would like only those now in the service.

Mr. VICKERY. All right. There are 17 at \$1,400; there are 25 at \$1,300; there are 63 at \$1,200; 1 at \$1,000.

Mr. STAFFORD. Has there been any greater number in the \$1,000 class at any time during the fiscal year?

Mr. VICKERY. I do not know just what changes have occurred in that prior to the 1st of December, but the 1st of December there were 2 in the \$1,000 grade when the force came to me.

Mr. STAFFORD. Have any new rural agents entered the service during the past fiscal year, and, if so, at what salary?

Mr. VICKERY. I could not tell prior to the 1st of December whether there were any appointed or not. I think not during this fiscal year.

Mr. STAFFORD. Since you have had charge?

Mr. VICKERY. Since the 1st of December no new rural agents have been appointed.

Mr. STAFFORD. Since the division has been under your charge what has been the policy as to the salary at which they should enter the service?

Mr. VICKERY. That policy can not be said to have been formed at all, because the estimate of the Fourth Assistant Postmaster-General was made for the coming year to make them enter at \$1,200. My opinion is that they should not enter at less than \$1,200.

Mr. STAFFORD. Have you any reason for saying they should not enter at less than \$1,200?

Mr. VICKERY. Because all these appointments are made from the classified service; they are men already in the postal service and they are supposed to be men of considerable experience. They are compelled to take an examination that can not be passed except by men of good education. The kind of men we want can not be had at less than \$1,200; the kind of men that should come into this service, that you would trust with this kind of work can not be had for less than this salary.

Mr. STAFFORD. When you mention \$1,200 salary, do you take into consideration the balance of the per diem that is generally coming to a rural agent or inspector where he is allowed it on an average of 300 days in the year, which is generally considered a part of his salary?

Mr. VICKERY. No; I do not.

Mr. STAFFORD. With these rural agents and with the inspectors that are entitled to per diems what is the average number of days in the year for which they receive the per diem allowance?

Mr. VICKERY. We estimate it at three hundred days. It falls a little short of that in practice, as the amount unexpended each year shows.

Mr. STAFFORD. How much does it fall short of three hundred days?

Mr. VICKERY. I have not figured that.

Mr. STAFFORD. Is it not very close to three hundred?

Mr. VICKERY. Yes; I think it is close to three hundred.

Mr. STAFFORD. How many men are now employed in the respective grades in the post-office inspector service?

Mr. VICKERY. At a salary of \$3,000 there are 5 inspectors in charge of divisions; there are 9 men doing the same work at \$2,500, as inspectors in charge of divisions; there are 6 men at \$2,400 employed in the large cities. These men have no per diem, of course. At \$2,250 there are 15 men employed in the large cities, and at \$2,000 there are 15 men; at \$1,600, men who get per diem, there are 70; at \$1,400 there are 60 men, and at \$1,200 there are 79 men.

Mr. STAFFORD. Now employed?

Mr. VICKERY. Now employed.

Mr. STAFFORD. Why do you recommend in case of a merger of these two departments the discontinuance of the class of rural agents receiving an odd-numbered salary. I mean the \$1,300 and the \$1,500 salaries, and recommend that they receive the next higher even-numbered salary; that is, \$1,400 and \$1,600, respectively?

Mr. VICKERY. To make them conform with the salaries paid to post-office inspectors. The supposition was that in all likelihood the committee might, if the appropriation was made, appropriate for them as inspectors, and if so they would take the salaries established by I don't know how many years of custom as the proper ones to continue.

Mr. STAFFORD. It would result in a direct promotion, so far as salaries are concerned?

Mr. VICKERY. It would; yes.

Mr. STAFFORD. To the extent of everyone that is now employed in that class?

Mr. VICKERY. In the odd-numbered classes; yes.

Mr. STAFFORD. Will you kindly explain the reason why you recommend that 10 of the 15 now employed in the inspectors' service at \$2,000 should receive a per diem allowance?

The CHAIRMAN. Not as now, but under the merger.

Mr. STAFFORD. Yes; as proposed in your reorganization plan?

Mr. VICKERY. There are now six superintendents of divisions in the rural service at \$2,400 a year, and there is one supervisor of rural delivery agents (on the legislative bill, I think, he is carried) who is getting \$2,750 a year. Those seven men should not be reduced to \$1,600 and compelled to travel at that. The establishment of a grade at \$2,000 would give them something nearer their present salaries. They are good men; they know the rural service thoroughly, and they can be of great aid to the service in looking after it.

Mr. STAFFORD. But by so doing you extend the per diem in the inspector service in the grade of \$2,000. Would the same end which you desire not be reached by creating an \$1,800 class, which, with the balance coming from the per diem allowance, would approximate very closely their present salary?

Mr. VICKERY. A good man has very little left of his per diem allowance; the \$4 per diem is not resulting in much profit to him. If you

make an \$1,800 class you deprive these men of \$200 salary that I think they should have. It is only fair to that grade of men that they should have the \$2,000 and the per diem.

Mr. STAFFORD. In the small communities where these men will be assigned can you not get hotel accommodations at not to exceed \$2 per day?

Mr. VICKERY. In the first place I do not think they can be limited to the smaller communities; they are bound to go to the larger places to a certain extent. I have not been in the field much for the last few years, but my impression is that the hotel accommodations even in the smaller towns can hardly be had at \$2 a day now.

Mr. STAFFORD. I believe the hearings in prior years have disclosed the fact that this per diem really amounted to an extra compensation so far as one half of it was concerned.

Mr. VICKERY. I do not believe that, whatever it may have been in the past, or whatever may have been the testimony in the past that that could be said to be the case at all now. I do not know so much about the rural service, but I know a good post-office inspector in carrying on his regular work as an inspector can not save anything like one half of his per diem.

Mr. STAFFORD. Referring to page 6 of the bill—

For incidental and other necessary official expenses of division superintendents and rural agents, livery hire, forty thousand dollars.

Is there any need for continuing the phraseology "incidental and other necessary official expenses" in case there is a merger of these two divisions?

Mr. VICKERY. On what page is that?

Mr. STAFFORD. At the top of page 6.

The CHAIRMAN. That is the \$40,000 item.

Mr. VICKERY. Yes, it will not be continued as the superintendents' item, but that is included in the Postmaster-General's estimate, \$40,000, and the \$18,000 for compensation to clerks at division headquarters, and so forth, being added together. Then that was reduced by \$3,000.

Mr. STAFFORD. I understand that, but you did not appreciate my question. What I was seeking to obtain was this: What is expended under the phraseology "incidental and other necessary official expenses?"

Mr. VICKERY. The division of superintendents would be out, of course; but rural agents are compelled to pay livery bills—

Mr. STAFFORD. I mean outside of that, which will be expressly provided for in the amended section, if a consolidation takes place.

Mr. VICKERY. There is another item that I have a minute of here, and that is repairs to their measuring devices. The memorandum I have hastily put together here shows some incidental items that you will need if there is a merger.

Mr. STAFFORD. Will you kindly read the phraseology?

Mr. VICKERY. Expenses necessary for us to assume will include, first, blueprinting. This work to a great extent is performed by the division of topography, office of the Fourth Assistant Postmaster-General, but five of the field divisions of the rural delivery have map-making facilities at division headquarters, and draftsmen are included in the force there. These divisions are the St. Louis, St. Paul, Indianapolis, Nashville, and Chicago divisions. The Washington division has map-making facilities, but the blueprinting is done

by the topographer. In blueprinting, if you leave that outside of Washington, there will have to be the expense of making certain blueprints which can not be done at division headquarters that will have to come into this item.

The repair of fifth-wheel devices, purchases of strikers for the same, purchase and repairs of cyclometers, repair of typewriters, and telephone service at division headquarters—all of these items have heretofore been grouped together, and the cost of the same has not been furnished to us separately so that we could determine the amount for each item, but it is estimated that about \$1,500 will defray the expense of all. Of course you can cut that telephone service out if you will make the merger, because the other item covers that for the inspector in charge.

Mr. STAFFORD. So far as the cyclometers and typewriters are concerned, they would come under the supply division of the Fourth Assistant, would they not?

Mr. VICKERY. That has heretofore, but we shall have to take care of it in our incidental bill, just as we have had to buy our typewriters for division headquarters heretofore.

Mr. STAFFORD. What is the special need of having to purchase these typewriters and cyclometers outside of the supply division?

Mr. VICKERY. That I can not tell; I only know that they have told us that we have to divide that and get an allowance to cover that in our bill.

The CHAIRMAN. For typewriters?

Mr. VICKERY. Yes.

The CHAIRMAN. The supply department, yesterday, through their representatives here plainly stated, in answer to a question of mine, that a certain item then under consideration would cover all typewriters for all of the postal service; that it was the intention and instruction for the supply department to supply all typewriters.

Mr. VICKERY. That is an absolutely new thing, because heretofore that has always come out of—

The CHAIRMAN. That statement was made by Mr. Cochran and Mr. De Graw, the Fourth Assistant, under whom purchases fall.

Mr. STAFFORD. How much has been needed for the purchase of typewriters, cyclometers, and other machines necessary for the division headquarters of the rural free delivery service?

Mr. VICKERY. The nearest estimate we could give would be that \$1,000 would cover that for the year.

Mr. STAFFORD. Are there any other machines besides cyclometers and typewriters and measuring devices that are needed in this service?

Mr. VICKERY. If the consolidation becomes effective, we will do away with the rent we have been paying for division headquarters, so that that need not be provided for.

Mr. STAFFORD. My question was more to the phraseology, whether there are any designated machines that would be necessary to provide for.

Mr. GARDNER. What do you mean by measuring devices? They have been several times mentioned.

Mr. VICKERY. The rural agents are provided with apparatus to attach to the buggies in which they go over their rural routes in order to measure the distance traveled in making their trips. Their estimate of the mileage of those routes comes from these machines.

Mr. GARDNER. You also mentioned as another item a fifth wheel. What is that for?

Mr. VICKERY. That, as I understand it, is one of their measuring devices. The cyclometer and the fifth wheel are different devices combined for the same purpose, as I understand it. The fifth wheel is attached to the conveyance, and the cyclometer fitted to this records the revolutions and therefore the mileage covered by the vehicle.

Mr. GARDNER. Then, measuring devices, cyclometers and the fifth wheel, are the same thing?

Mr. VICKERY. Yes; they are practically the same thing.

Mr. GARDNER. And they are not separate items. How are the original drawings made from which these maps are made?

Mr. VICKERY. The rural agent makes a sketch on paper ruled into squares, coming as near as he can to the direction of the roads, and locates the houses and the different cross roads covered by his rural route that is proposed; he also describes as accurately as he can by miles and fractions of miles, and those rough drafts come in with their reports to their division headquarters.

Mr. GARDNER. And the only basis then for a rural-route map is the rough draft made by the inspector without the aid of instruments, I take it, or a compass, and that is the basis for the map, whether made at division headquarters or made here by the division of topography. Is there any pretense of accuracy in those maps? Suppose that they are made at the division of topography under the supervision of an engineer and he finds that by the courses indicated and the length of measurements the route does not come anywhere near closing; what does he do about it?

Mr. VICKERY. The case is then reopened and the agent is compelled to straighten out the discrepancy.

Mr. GARDNER. Suppose the map is made by the draftsman at division headquarters, is he or is he not supposed to have enough surveying knowledge to know whether the thing comes anywhere near closing or not from the rough draft furnished him?

Mr. VICKERY. Undoubtedly he does.

Mr. GARDNER. Then in cases where it is too inaccurate to complete the map, is or is not the correction more easily gotten and more quickly gotten by reason of its being discovered at division headquarters than it would be if discovered down here in the division of topography?

Mr. VICKERY. I do not think there is any great amount of difference. As a rule there are very few that go back for correction. There is an occasional one, undoubtedly, and it would probably go back a little more promptly to the man in the field from division headquarters; the necessity of the map is not apparent until the report has been passed on here in Washington. Sometimes the making of a map would be avoided altogether if the papers came here first.

Mr. GARDNER. What is the importance of the map or the importance of its being marked—that is, its prime importance? For instance, to explain my own question, an agent indicates a route. Now, whatever his errors in distances, the rough draft shows that he gets around a route and covers so many families. Now, on that draft, that is good enough, however incorrect, for the Department to pass upon as to the preliminary of establishing that route, is it not?

Mr. VICKERY. That would be merely an opinion on my part, because the Fourth Assistant Postmaster-General handles all that. The maps and those reports go in to him; I have not gone into the details of that enough to know how important that would be to him, and properly that information would come from him.

Mr. GARDNER. You said that the inspectors had twenty days' leave of absence with pay, that that was the practice in the Department, and you did not know where the authority came from, if I remember rightly; but you further stated that they have twenty days' sick leave and that was in accordance with the practice that as much sick leave was allowed as leave of absence with pay. Do you know where that rule comes from?

Mr. VICKERY. I do not. I would not attempt to state where either of them comes from. They have come from as far back as I remember.

Mr. GARDNER. Are they, then, so far as you know, given by reason of any promulgated regulation of the Department or only a practice without regard to the authority of either regulation or law?

Mr. VICKERY. My recollection is that in the book of post-office instructions promulgated by the Postmaster-General it is provided that if the needs of the service will permit leaves of absence they will be granted not to exceed twenty days in the year.

Mr. GARDNER. With pay?

Mr. VICKERY. With pay.

Mr. GARDNER. Does that same rule or order say anything about sick leave?

Mr. VICKERY. I think not. I think possibly it is said that sick leave will not be granted in excess of annual leave. I would have to verify that before I could say positively about it.

Mr. GARDNER. Under the practice of your Department if the order did say that sick leave would not be granted in excess of twenty days that would be construed into an affirmative regulation, would it not, that there might be granted that much sick leave?

Mr. VICKERY. It has been so construed.

Mr. HEDGE. It is the sick leave with pay.

Mr. VICKERY. Yes; the sick leave is with pay. The difference between sick leave and annual leave is in one respect only, and that is in an annual leave Sundays and holidays are excluded, and in sick leave every day counts. If a man is sick on Saturday and continues sick over Monday he is sick three days, and three days are charged against him.

Mr. SNAPP. Is there any record kept by the inspector or any of the force in your department of the amount of miles traveled annually by rail?

Mr. VICKERY. No; there used to be, I don't know when; perhaps about somewhere in the early nineties that practice was dropped. When I came into the service in 1889 we made a daily report of mileage traveled. Our daily report included the number of miles traveled, and that was dropped—I should say, somewhere in the nineties, probably about 1891, somewhere along there; I am not certain as to the exact time.

Mr. SNAPP. Do any of that force pay railroad fare?

Mr. VICKERY. No.

Mr. SNAPP. How do they travel; by what authority do they travel?

Mr. VICKERY. The mail contracts, as I understand it, provide that

all railroads, steamboats, and stage lines that carry mails for the United States shall also carry persons with commissions signed by the Postmaster-General.

Mr. SNAPP. They travel then, on commissions issued by the Postmaster-General?

Mr. VICKERY. Yes.

Mr. SNAPP. Under those commissions do they travel on all railroads and all trains free of charge?

Mr. VICKERY. Some of the roads refuse to honor those commissions on a few of their special limited trains.

The CHAIRMAN. Your privilege of travel on this commission is limited to railroads, steamboats, and stage lines carrying the United States mails?

Mr. VICKERY. Yes; having the contracts.

The CHAIRMAN. As a matter of fact there are no contracts.

Mr. VICKERY. That is a bad word to use, then.

The CHAIRMAN. It applies to all railroads, steamboat lines, or stage lines carrying the mails?

Mr. VICKERY. Yes.

Mr. GARDNER. Where does the authority come from in the contract, or as a matter of law?

Mr. SNAPP. I would like to have you read that into the record [referring to commission which Mr. Vickery exhibited to the committee].

Mr. VICKERY. (Reading):

POST-OFFICE DEPARTMENT, UNITED STATES OF AMERICA.

To whom it may concern:

The bearer hereof, William J. Vickery, chief post-office inspector, is hereby designated a post-office inspector of this Department and travels by my direction on its business. He will be obeyed and respected accordingly by mail contractors, postmasters, and all others connected with the postal service. Railroads, steamboats, stages, and other mail contractors are required to extend the facilities of free travel to the holder of this commission.

GEORGE B. CORTELYOU,
Postmaster-General.

WASHINGTON, D. C., January 1, 1906.

No. 7.

On the other side there appears——

Not transferable. This commission will expire, unless sooner revoked by special order of the Postmaster-General, on the 31st day of December, 1906, and must be returned to the Department for renewal on that day.

Then the number—"1906."

Mr. SNAPP. To what class of post-office employees is such authority issued?

Mr. VICKERY. That is the form issued only to post-office inspectors. I have not brought copies of them here, but there are other travel commissions worded somewhat differently.

Mr. SNAPP. Issued to whom?

Mr. VICKERY. These are issued, as I say, to post-office inspectors. That statement should be modified to this extent: The Postmaster-General, each of the four assistants, and the inspectors hold this kind of commission. There is another commission, which we call a special-agent commission, and those are issued to the superintendents of the railway mail service, the assistant superintendents of the railway mail service, the chief clerks in the Department, and chiefs of divisions in the Department.

Mr. SNAPP. Are travel commissions issued to the rural route agents?

Mr. VICKERY. They are described as rural route agents. We have three or four different kinds. The route agent has one with the green cover. It does not read as this does; it does not give to him the authority or does not give the directions to postmasters and other persons to obey and respect him, but so far as the travel is concerned it is the same thing.

The CHAIRMAN. There is no difference in any of them so far as the travel is concerned?

Mr. VICKERY. No.

Mr. SNAPP. And are there any other employees of the Government to whom travel commissions are issued? Do they go the clerks in the Department?

Mr. VICKERY. No; I should mention superintendents and the assistant general superintendent of the Railway-Mail Service, they should included in the persons who receive this free travel.

Mr. SNAPP. Do they go to the clerks of the divisions headquarters?

Mr. VICKERY. No.

Mr. SNAPP. Supposing an inspector who is stationed in Chicago lives 40 miles outside of Chicago, would that be given him?

Mr. VICKERY. Yes; they are accepted by the railroad company without questioning what business the person who holds the commission is traveling upon.

Mr. SNAPP. So that the clerks or employees you have mentioned to whom these travel commissions are issued travel on any trains, with a few exceptions, and on all roads at any time free of charge?

Mr. VICKERY. Yes.

The CHAIRMAN. About how many people in the aggregate hold those travel commissions?

Mr. VICKERY. Two hundred and twenty-five inspectors, and, say, 166 rural agents. That is 385. I think the railway mail service numbers 40 or 50 more. I should say approximately 500 altogether.

The CHAIRMAN. And they can use that for traveling whether or not on business of the Government?

Mr. VICKERY. Yes.

The CHAIRMAN. Your 500 does not include the railway mail clerks?

Mr. VICKERY. Not the postal clerks, no; what I have said has nothing to do with the commissions of the postal clerks; they are under the Second Assistant; I am referring to the commissions signed and issued from our office. We hold all the commissions except the postal clerks. The postal clerk's commission is limited to the road he works on, and the part of the road he works on officially; it is not the same kind of a commission by any means.

Mr. STAFFORD. And it is not accepted but when he is going to and from his designated work?

Mr. VICKERY. Yes; I don't think, as a matter of fact, they inquire into that. I think it is accepted anywhere over that road, for whatever purpose he is traveling; but it is limited, as I have stated.

Mr. STAFFORD. The commission is worded so limiting it?

Mr. VICKERY. Yes.

Mr. HEDGE. This pass is used by a man on vacation or during sick leave?

Mr. VICKERY. If he works it during his sick leave for the purpose of taking a pleasure trip it would very likely result in his discharge.

So far as the railroad company is concerned there is no question about it.

Mr. HEDGE. So far as the railroad company is concerned, he can go to Saratoga or Palm Beach or anywhere else?

Mr. VICKERY. Yes.

Mr. SNAPP. Then, on his annual vacation, he could travel all over the United States for twenty days?

Mr. VICKERY. Yes.

Mr. HEDGE. And there wouldn't be any question about that?

Mr. VICKERY. No; they would not criticise that; the railroad would not criticise it at all.

Mr. STAFFORD. But I understand you to say that these commissions were issued in the Department only to the four assistants and the purchasing agent?

Mr. VICKERY. They issue it to the following persons: The Postmaster-General has No. 1. I do not think it is ever filled out, but No. 1 goes to the Postmaster-General, and he keeps it as a keepsake, I think. Then Nos. 2, 3, 4, and 5 go to the four Assistant Postmaster-Generals; the purchasing agent gets No. 6, and the chief inspector receives No. 7, and then the rest of them go to the inspectors in the service.

Mr. STAFFORD. There are no men connected with the Department proper who receive these commissions or any free travel commissions? When I say the Department proper I mean connected with the departmental service as distinguished from the postal service.

Mr. VICKERY. This kind of blue commission that I read is issued only to the ones mentioned.

Mr. STAFFORD. My question covers any other kind of travel commission issued to any persons connected with the departmental service here in Washington.

Mr. VICKERY. Oh, yes; there are others.

Mr. STAFFORD. Outside of those you have designated?

Mr. VICKERY. Yes; the next grade is special agents. They are given, for instance, to the Assistant Attorney-General of the Post-Office Department and one of the attorneys in his office; there is one given to the Auditor for the Post-Office Department; there is one in the hands of each of the chief clerks of the four assistants; the superintendent of the money-order service has one, and they are given to officials of that rank in the Department.

The CHAIRMAN. The superintendent and the assistant superintendent of the railway mail service, I presume.

Mr. VICKERY. Yes; those were mentioned, but I understood they were counted as outside of the Department.

Mr. FINLEY. Do you know whether persons receiving a per diem allowance also have a transportation pass?

Mr. VICKERY. Yes; per diem allowance is given to people who have these commissions.

Mr. STAFFORD. The commissions issued to men in the postal service or in the departmental service are limited in their wording to traveling in connection with the departmental service?

Mr. VICKERY. I do not think they are limited in either words or in practice; they are given to men whose duties compel them to travel on business occasionally, but there is no limit by the railroad companies in the way of confining those commissions to travel when engaged in business of the Department.

Mr. STAFFORD. Do you know whether they are used by the men holding this second grade of commissions and accepted by the railroad companies when traveling on occasions other than when engaged in the postal service?

Mr. VICKERY. I could not say in detail that I know that, but I think they would be accepted by the railroad company.

Mr. STAFFORD. You do not know what the practice is with the clerks?

Mr. VICKERY. The clerks do not have these.

Mr. STAFFORD. I mean the chief clerks and these men who are connected with the departmental service—whether they use them for private affairs?

Mr. VICKERY. I could not say personally; it would only be my supposition.

Mr. SNAPP. Of course they do if it is necessary or convenient for them to travel?

Mr. VICKERY. They naturally would.

Mr. STAFFORD. Do you understand that those are issued in pursuance with any contract made with any of these carriers?

Mr. VICKERY. I have always understood that there were contracts, that they provided that the mail should be carried for a certain figure, and that in addition they should carry all persons designated by the Postmaster-General. I have never looked it up, but that has always been my assumption.

Mr. SNAPP. If it should turn out that there is no contract made by the Government with the railroads for carrying the mails you would be wrong?

Mr. VICKERY. I would be guessing wrong; yes.

Mr. SNAPP. Can you furnish the committee the names of all to whom the Postmaster-General has for this calendar year furnished travel authority?

Mr. VICKERY. I would be glad to give that; yes. You want the entire list of travel authorities given by the Postmaster-General?

Mr. SNAPP. Yes.

Mr. VICKERY. That is subject to this modification. That list is the Postmaster-General's property, and if he will let me have it it will come to you, and of course I suspect it will come.

Mr. SNAPP. I think it will come.

Mr. FINLEY. Have there been instances where the holder of a transportation pass would lend it to somebody, to some friend?

Mr. VICKERY. I removed a man—or rather the Postmaster-General removed the man upon my recommendation—an inspector, last fall, because his brother wanted to make a trip and he lent his brother the commission.

Mr. FINLEY. That is the only instance you know of in the past year?

Mr. VICKERY. Yes, sir.

Mr. FINLEY. The establishment of fourth-class post-offices is a matter within the jurisdiction now, I believe, of the First Assistant.

Mr. VICKERY. I think that is where it belongs, sir.

Mr. FINLEY. No work is done by your department with reference to matters like that, is there, for the establishment of fourth-class post-offices?

Mr. VICKERY. Except in this way, Mr. Finley: From the First Assistant's bureau, as from the others, there are frequently questions referred

to be settled by some one who will go personally to the ground. In this way we might be interested in a fourth-class post-office establishment; when there is some question as to whether the needs of the service demand an office at a point the First Assistant will refer to us and ask an inspection by an inspector to determine whether there shall be an office there or not. In that way frequently when there is a question up as to a removal or change of site it will come to us; so that in that way we might be said to be interested in fourth-class offices.

Mr. FINLEY. Those instances are very rare, are they not, where you are called upon to aid the First Assistant in securing information as to the establishment of a fourth-class post-office?

Mr. VICKERY. I do not know, really, how rare they are. We have them, I know. I have handled that kind of cases in the field myself, from time to time.

Mr. FINLEY. In the rural routes your department is never called upon to assist in any way in the establishment?

Mr. VICKERY. Oh, yes, sir; as I understand it now no route is established except that some one goes over it personally.

Mr. FINLEY. I beg your pardon, I am speaking now in reference to your department as it has existed. Are the rural agents under you?

Mr. VICKERY. Yes, sir.

Mr. FINLEY. Oh, they are; I beg your pardon; I mean prior to the time when the rural agents were placed under your bureau your department had nothing to do with the establishment of a rural route?

Mr. VICKERY. No. Once in a while a question would come up in this way. A controversy would arise about the establishment of a rural route as recommended by an agent. A certain postmaster or patrons would feel agrieved about the route as it was recommended, and the inspector would be sent to see whether an office should be wiped out or the rural route abandoned or changed and the office remain.

Mr. FINLEY. Speaking, then, in regard to your bureau, as to the question of establishment or abolishing an office, as a rule you would not be called in?

Mr. VICKERY. No, sir; very seldom.

Mr. FINLEY. Now, the work that is performed by the post-office inspectors is not the same class of work that is performed by rural agents, is it?

Mr. VICKERY. No.

Mr. FINLEY. It is entirely different?

Mr. VICKERY. Not similar heretofore; no, sir.

Mr. FINLEY. The work of a post-office inspector, properly speaking, is to investigate the conduct of the postal service in matters where the service is already established; is not that true?

Mr. VICKERY. Practically; yes.

Mr. FINLEY. And the work of a rural agent is to pass on a proposition looking to the establishment of the service?

Mr. VICKERY. No; not by any means exclusively. The rural agents, of course, in the first place were ordered to establish service, and since that time, even under the Fourth Assistant Postmaster-General, before transfer, a great deal of the rural-agent force has been busy in inspecting the existing service; they were consolidating the county service—

Mr. FINLEY. I am sure of that, but that was only with the view of establishing it on a better basis?

Mr. VICKERY. Yes; to improve it.

Mr. FINLEY. So, in the event this consolidation is made—by the way, it is practically in operation now, is it not?

Mr. VICKERY. No; the rural agents are operating under me, but their work is kept distinct, and we have no place where the two are blended except in the Denver division, which was spoken of; there the inspectors do all the work.

Mr. FINLEY. I am familiar with that. So there are two distinct divisions under you—the post-office inspection force and the rural-agent force?

Mr. VICKERY. Yes, sir.

Mr. FINLEY. Will you not find, Mr. Vickery, that for rural-agent work proper—the work that has been performed by rural agents heretofore and will be performed in the future by whoever that class of work devolves upon—will it not be true that when the post-office inspector is put to work on that class of work that he will be new to the business, so to speak?

Mr. VICKERY. For a time, yes.

Mr. FINLEY. Who will be a novice?

Mr. VICKERY. Yes, comparatively.

Mr. FINLEY. Do you know about how long it takes, generally speaking, for a new man in rural-agent work to become fairly expert?

Mr. VICKERY. I could not say, absolutely. Of course, there is a great difference in men, and, as it seems from Mr. Spilman's statement as to his men, some men who have been in the service, well, probably less than a year, are better men than men who have been in since the start.

Mr. FINLEY. I am sure of that, but I am speaking of the general average. It is usually supposed that it requires more than a year?

Mr. VICKERY. I should say in any kind of traveling service it requires that.

Mr. FINLEY. Now, to take a new man and place him in the position of post-office inspector he would be a novice, and it would require some time for him to become an expert, would it not?

Mr. VICKERY. Yes.

Mr. FINLEY. About how long?

Mr. VICKERY. We do not count an inspector thoroughly broken in for fully a year after he begins service, and even then certain inspectors will never be competent for certain kinds of that work.

Mr. FINLEY. Some of them never will be?

Mr. VICKERY. I am afraid not.

Mr. FINLEY. Would it not be a fact that when you add to your force—I don't remember the number of rural agents—

Mr. VICKERY. It is approximately 150.

Mr. FINLEY. This transfer will put into your force by transfer of inspectors 150 additional men. Now, I wish to ask you, do you not select your appointees—post-office inspectors—from a standpoint of fitness and qualification for that special work?

Mr. VICKERY. Yes; we try to. That is, from the civil-service examination of a man and all his record, and everything else that we can find out about him we take into consideration.

Mr. FINLEY. You would not permit a civil-service examination rating to govern you in the appointment of a post-office inspector?

Mr. VICKERY. No, sir.

Mr. FINLEY. You would not think of such a thing.

Mr. VICKERY. As we have a great many eligibles for appointment I would want to pick the best of them. The best men for our service might make a lower grade in the civil-service examination than a number of other men.

Mr. FINLEY. And what do you do—

Mr. VICKERY. I try to select them from the eligible list—try to select the best men.

Mr. FINLEY. What information have you that those 150 agents that have been appointed to this work from time to time during the last eight or ten years have been selected according to the standards that you follow in selecting your post-office inspectors?

Mr. VICKERY. I have no information to that effect with the exception of some of the more recent appointees; because while we were both under the Fourth Assistant Mr. Spilman and I used to discuss the matter, and I know the kind of men that were appointed then. They all take the same examination, however.

Mr. FINLEY. I am sure of that. But in any case does the examination rating govern the appointment?

Mr. VICKERY. Not absolutely, no.

Mr. FINLEY. So you have no information that the same standard has been followed?

Mr. VICKERY. No, sir.

Mr. FINLEY. In selecting these 150 rural agents and placing them in the service you have no information that the same standard or rule has been pursued that has been pursued in selecting the post-office inspection force and placing them in the service?

Mr. VICKERY. No. May I make a little statement?

Mr. FINLEY. Certainly.

Mr. VICKERY. It is not responsive, but it is this: The men who have made good in the travel service as rural agents and the men who have made good in the service as post-office inspectors are men who by the training they have had in their respective branches are far advanced for our purposes over the raw men, because the rural agents who are good will learn the inspector's work quicker than a man from outside, and, on the other hand, the inspector who is a good man will learn the rural agent's work a great deal quicker than a man from outside.

Mr. FINLEY. The post-office inspector, properly speaking, is a detective, is he not?

Mr. VICKERY. No; I think the worst mistake people generally make about the post-office inspector is in thinking that he is a detective. The amount of work that he has to do that is of a detective nature is really extremely small. I believe that an idea is abroad that a detective must be kind of a sneak—

Mr. FINLEY. I do not think that impression prevails at all. I am sure that I have not such an impression.

Mr. VICKERY. The inspector is primarily an accountant. We try to count up 35,000 money-order offices a year. Now, that is not a detective's business, and yet that is, as I said, one of the principal things that a post-office inspector has to do. An inspector is a man who has frequently to investigate charges, but he goes out in the open and investigates them; he has very little shadowing or following people to do. It is true that once in a while, in running down a postal

offense, methods must be adopted that could be classed as detective methods, but those duties constitute a very small proportion of what the post-office inspector has to do.

Mr. FINLEY. I do not believe that people generally consider post-office inspectors sneaks. I would differ with you about that. Is it not true that when you want to run down some abuse of the post-office regulations, for instance, in the matter of cancellations at fourth-class post-offices, or the diversion of mail to a certain office, or the running up of sales at a third-class office to bring entrance into second-class office, that that is in a measure detective work?

Mr. VICKERY. I suppose it is, but those cases are fortunately remarkably few in proportion to the number of cases that the post-office inspectors handle. Undoubtedly whatever detective work is done for the Department is done by the post-office inspectors.

Mr. FINLEY. The accountant work is the larger part of their work?

Mr. VICKERY. Yes; 35,000 money order offices are counted up every year by inspectors. I imagine that is the largest single item of their work.

Mr. FINLEY. So, in selecting a post-office inspector you would regard probably more than any other qualification that he should be a fairly good accountant?

Mr. VICKERY. I would want him to be a fairly good accountant; yes.

Mr. FINLEY. Now, in selecting a rural agent is there any such requirement necessary?

Mr. VICKERY. The rural agent must go to these same offices and go over those same books in the fourth-class offices with the same purpose in view. He has to handle the same figures. He does not, however, at present, have to check up balances and see whether the postmaster has money enough on hand to meet them.

Mr. FINLEY. He goes there to see the business that is done?

Mr. VICKERY. Yes, sir.

Mr. FINLEY. He could tell that by looking at the postmaster's office reports; he could tell it inside of ten minutes?

Mr. VICKERY. Hardly that. I think it takes him longer than that. I know that those men stay at each place longer than that.

Mr. FINLEY. I think that is ample for securing such information—such information as is necessary in his line. So do you think, or not, that the good that would result to the service is sufficient to overbalance whatever objections there might be to placing 150 rural agents, men untried and unused to post-office inspection work, into that line of service?

Mr. VICKERY. I can only answer by practically repeating what I said before, that I would rather risk that kind of men who had become familiar with the travel work of the Department than to risk outsiders.

Mr. FINLEY. But if you had to risk 150 men to a place in the service, leaving out the question of different experience that the rural agents have had in becoming acquainted with the postal service—leaving that out of consideration, you would prefer to make the selection for the post-office inspection service as you have always made it?

Mr. VICKERY. If I were selecting 150 men, I think in all likelihood I would take 100 or 125 right from the rural service as it stands now. We could not get from the outside within a year a number of men eligible in every way that I would count as fit to go into our service as these rural men.

Mr. FINLEY. But you would make some examination of the whole 150, and the probabilities are you would not take all that number into your service?

Mr. VICKERY. I would think very likely some of the 150 are not properly there, and very likely we have among our inspectors some inspectors who will be eliminated, just like the man who loaned his commission to somebody; but that is only a few. In other words, I believe right now, if I were called upon to appoint 150 men to this service, whether I was appointing rural agents or inspectors, the men I should select as best fitted for one post I would regard as best fitted for the other place; I would not make any discrimination now as between the two forces.

Mr. FINLEY. It will make no difference in the conduct of the Fourth Assistant's office whether this transfer is made or not?

Mr. VICKERY. Not a particle. The only thing I can see is that some of this work may be expedited because of the consolidation of the forces. We will have the advantage of having a man who can attend to both classes of work at the same time.

Mr. FINLEY. Your office is under the Postmaster-General, is it not?

Mr. VICKERY. Directly under the Postmaster-General.

Mr. FINLEY. And so is the rural agents' force?

Mr. VICKERY. Yes; they are under the Postmaster-General, and both are assigned to the division of inspectors.

Mr. SNAPP. In making new appointments to the force of inspectors, are they made from an eligible list furnished by the Civil Service Commission?

Mr. VICKERY. The rule is that the Postmaster-General may designate for examination persons in the classified postal service, and that is extended to include the office of Auditor for the Post-Office Department.

Mr. SNAPP. Who made that rule? I mean the rule you speak of that the Postmaster-General shall designate only those in the classified service—

Mr. VICKERY. The Civil Service Commission has the rule. The amendment of the President, it should be said, includes the inspector's force in the classified service. Therefore no one would be eligible for that except on certification of the Commission that he has passed the proper examination. There are two ways that might have been adopted. One would be by going outside in the examination, letting everybody be examined, and then the Civil Service Commission certifying the three highest each time. At the same time—I don't know how many years back, or how definitely it was done—but the Postmaster-General decided very properly, I think, that post-office inspectors should be persons who have become experienced in the postal service and have a knowledge of it, and for at least three or four years past the appointments have been confined—in fact, since 1890, I think the Civil Service Commission has held no competitive examinations for outside people—since then these appointments have been confined to the departmental service; for a time persons were transferred on occasion from other departments, but for the last three or four years these appointments have been made from the Post-Office Department or Railway Mail Service, or from the employees at a free delivery post-office. Now the Postmaster-General designates for examination, and the Commission examines all persons he asks to be examined, if they are already

in the classified service, and from that there is made a register of eligibles, and from those eligibles we fill vacancies.

Mr. SNAPP. You may have answered my question, but as I am in doubt I will ask it again. Who made the rule or regulation that the examination of applicants for examination for appointment to this service should be confined to those in the civil service branch of the department?

Mr. VICKERY. The President made the regulation; it was promulgated by the Civil Service Commission. As I understand it, all those are issued by the President.

Mr. SNAPP. Is it true that the Postmaster-General has the authority and occasionally does indicate some applicant for a position in the inspector force for special examination?

Mr. VICKERY. I do not know of anything of that kind happening since I have been familiar with the management of the force.

Mr. SNAPP. That is, since you were chief inspector?

Mr. VICKERY. Since I have been chief inspector, and for some little time before that. Three or four years ago the Postmaster-General would make up his mind that a certain person was the one he wanted for a post-office inspector and he would ask for an examination for that person, and that person, if he passed, was appointed.

The CHAIRMAN. Has that practically ceased?

Mr. VICKERY. That has not prevailed for at least three years past.

The CHAIRMAN. May I interject a question?

Mr. SNAPP. Certainly.

The CHAIRMAN. How are these appointments made?

Mr. VICKERY. All the applications from different persons in the service are received and filed and from time to time the Postmaster-General goes over them and the attempt is made to select persons not under 25 years of age, and not over 35, and he asks the Civil Service Commission to examine those persons?

The CHAIRMAN. Then it is in the nature of a competitive examination between such persons?

Mr. VICKERY. No; because if a man passes at 70 he is eligible for appointment, just as if he made 90.

Mr. SNAPP. The fact is, then, that the Postmaster-General selects a list from applicants in the civil service and gives them in effect permission to take the civil-service examination?

Mr. VICKERY. Yes.

Mr. SNAPP. And from that list appointments are made?

Mr. VICKERY. Yes.

Mr. SNAPP. I understood you to say that the duties of a post-office inspector are largely those of an accountant.

Mr. VICKERY. That is one very important item of the work. I do not think it is safe to say that it is more than half the work; but it is a large item.

Mr. SNAPP. And you say the plan of appointment was to appoint to this service those who were familiar with the duties and the workings of the Post-Office Department?

Mr. VICKERY. Yes, sir.

Mr. SNAPP. Can you give any reason, now, why a man with years of experience in the actual work of a city post-office, say a deputy postmaster, would not make a good inspector?

Mr. VICKERY. If he is an assistant postmaster, the chances are that he would make a good inspector. Unfortunately the assistant postmaster is outside of the classified service, to which the Civil Service Commission limits their selections for examination.

Mr. SNAPP. I understand that. I am seeking to get from you, however, an opinion as to whether his duties and experience would qualify him for the duties of an inspector regardless of the fact of whether he may be in or out of the classified service.

Mr. VICKERY. I think there is no doubt that we could get a lot of good material from the assistant postmasters.

Mr. SNAPP. Is there any law or regulation to prevent the Postmaster-General from indicating such an applicant to take this examination?

Mr. VICKERY. Yes. Only yesterday we sent to the Civil Service Commission an assistant postmaster's name under the theory that he had come up from the classified service. I say it was only yesterday. I should say recently. As I say, we sent his name under that impression, thinking that he had not lost his eligibility. We found out differently, and that because he was the assistant postmaster and had not entered the service by the competitive examination that he was not eligible for this examination.

The CHAIRMAN. Is there not an exception to that rule in the case of an assistant postmaster who has served continuously for a number of years?

Mr. VICKERY. No; if he had always been an assistant postmaster there is no exception, but if he was a clerk, a money-order clerk or some other clerk in the post-office, and promoted from that, then he is eligible.

The CHAIRMAN. Then he is eligible?

Mr. VICKERY. Yes; they have so construed it that a man who was even postmaster, if he became postmaster directly from the classified service—for instance, if your mailing clerk or any other clerk in the post-office was appointed postmaster he would retain his eligibility, because he has never left the postal service during that time.

Mr. SNAPP. Under the working of this rule the selection of these candidates and the appointment of these inspectors devolves, then, entirely upon the Postmaster-General, does it not?

Mr. VICKERY. Yes, sir.

Mr. STAFFORD. Has the system that is now in force in the selection and later designation of men for inspector service any advantages that would not be present in case it was open to everybody seeking appointment under a competitive examination?

Mr. VICKERY. In my opinion the present plan is the better for this reason: Competitive examinations do not give you a choice from the entire list, but the Civil Service Commission certifies the highest names on that list, they give simply the three highest. It will sometimes happen where three men could pass an examination and possibly make a very high mark in the examination that they would be men who could not deal with men, and who could not make an investigation or carry on the work of inspector with any satisfaction at all. And, moreover, if appointments are restricted to men already in the postal service, you have this advantage: They have been in the service for a number of years and you are able to keep tab on them, you are

able to go over their records and find out their qualifications, and their superior officers know about them, and you have a great deal more knowledge as to what there may be in the men than you could possibly have of an outsider.

On the other hand, the man when he comes into the service has a great many things to learn to fit him for work, and it generally takes an outsider a number of years to learn those things.

Mr. STAFFORD. The work in the inspector force requires the highest character of work of any in the postal service, does it not?

Mr. VICKERY. In my opinion, it does; in my opinion the service merits a higher grade of men than we can get for the salaries allowed.

Mr. STAFFORD. And this rule seeks to get men from the best-equipped men in the other grades of the service?

Mr. VICKERY. That is the intention.

Mr. STAFFORD. How long has the merger of rural mail and inspector work at the Denver headquarters been in vogue?

Mr. VICKERY. At least for a year and a half; I do not know how much longer.

Mr. STAFFORD. What has been the result, so far as efficiency of service is concerned, in the combined work of the two in one office?

Mr. VICKERY. I have heard no complaint from the Fourth Assistant Postmaster-General. The work in the rural part seems satisfactory, and it has been perfectly satisfactory in the inspector service.

Mr. STAFFORD. Has there been any saving in avoiding duplication of service and saving in clerical force?

Mr. VICKERY. When they had a rural agent assigned to that division he was compelled to make long trips over the country there and to lose the time between, and perhaps was not busy all the time, and now the inspectors in the field can take it up in connection with their other work, and there has been no let up, as far as I can see, in the inspectors' work. There has been very little rural work in that division, of course, but they have managed to do that without any noticeable loss of time from the other work.

Mr. SNAPP. Do you know how many there are there on the inspector eligible list?

Mr. VICKERY. I could count them up.

Mr. SNAPP. Well, about how many?

Mr. VICKERY. I should say 70 or 80, and there is another examination to be held this month.

Mr. SNAPP. That is as near as I care to have it.

Mr. STAFFORD. Is that examination to be held generally throughout the country?

Mr. VICKERY. I think we have notified something like 75 or 80 who are to be included in that examination.

Mr. SNAPP. Did you or the Postmaster-General select the names of the persons who are allowed to take this examination which you have referred to?

Mr. VICKERY. Well, the Postmaster-General signed the request; the papers are kept in my office, and as a matter of fact I go over the detail work, because he could not give attention to all the details.

Mr. SNAPP. But someone indicated to each person the fact that he was allowed to take the examination?

Mr. VICKERY. We make the point, when the Postmaster-General sends a list to the Civil Service Commission, to send from the office of

the chief inspector a notice to each one designated stating that the Civil Service Commission has been asked to give him an examination.

Mr. SNAPP. That is not what I was trying to get at. No one is allowed to take the examination except those the Postmaster-General selects? Is that true?

Mr. VICKERY. Yes, sir; that is the truth.

Mr. SNAPP. And the various ones selected, prior to their selection make application to the Postmaster-General to be accorded the privilege of taking the examination?

Mr. VICKERY. They make requests for transfer. The request is sometimes addressed to the Postmaster-General and sometimes to the chief inspector. Those requests are filed; and when it comes time for an examination those applications are handled, and unless there is something that would bar a man from consideration he is put on the list that the Postmaster-General sends to the Civil Service Commission with request for examination. Then, after examination, the Civil Service Commission notifies the Postmaster-General, giving the names of those who have made over 70 per cent, that they are eligible for appointment.

Then I undertake to send out quietly an inspector to find out all he can about the record, the standing, the personal appearance, and so on, of those who have passed that examination. I try to size up the men that are eligible, and we keep that on file. I get from the places where a man has been employed a complete record of his work, and so on, and keep that on file, and we are then prepared to tell about the man's standing, as far as possible, independent of his examination, and sometimes a man who has only made 75 per cent in the examination is better fitted for service in the inspector's work than a man who has made 85 per cent in his examination.

Mr. STAFFORD. So you designate all those to take the examination unless there is some special reason—which is an exceptional thing, as you state—why they should not be eligible to take the examination?

Mr. VICKERY. With the age limits that we try to adhere to, of not appointing a man under 25, and not appointing one over 35 unless there is some special reason in his qualifications or experience to warrant an exception. And the attempt is made to notify everyone within those limits, in order that we may have as large a list to select from as possible.

Mr. GARDNER. You have been in the service a good while?

Mr. VICKERY. For seventeen years the first of next July.

Mr. GARDNER. Have you been an inspector all that time?

Mr. VICKERY. Yes, sir.

Mr. GARDNER. And you have been promoted through the various grades?

Mr. VICKERY. Yes, sir.

Mr. GARDNER. Until you became chief inspector?

Mr. VICKERY. Yes, sir.

Mr. GARDNER. So that your experience qualifies you to entertain opinions on the good of the service, and if I understand you you find from practical experience that you get a better grade of officials by taking into consideration many other things than their number in the list of eligibles as certified by the Civil Service Commission?

Mr. VICKERY. Yes, sir.

Mr. GARDNER. That being so, if the method was followed in this case of certifying and compelling you to take those who stood highest on the list of eligibles your service would be injured?

Mr. VICKERY. Yes. For instance, I suspect right now that perhaps there are two or three men, highest on the list, that would not, in my opinion, make good inspectors. Perhaps one of them—I will not say he is on the list now, but one who has been on the list—would, if he went out to inspect post-offices, appear so overbearing and quarrelsome that he could not get along with the people he had to deal with. Another man who has passed high in the examination, perhaps, would not be able to impress people in any way with the seriousness of his work; perhaps his appearance would not carry any weight, and he might not be able to make a good report.

Mr. GARDNER. Why could he not make a good report?

Mr. VICKERY. He might write a report, but it would be largely literary work instead of hard facts, which we want in a report.

Mr. GARDNER. In other words, the success with which he passes an examination as to questions and answers fails to indicate his intellectual capacity for real work?

Mr. VICKERY. Yes, sir. His capacity for dealing with people and making a thorough investigation and discreet inquiries, and making a proper report to the Postmaster-General, is not indicated always by the way he passes the examination.

Mr. HEDGE. It does not tend to indicate the moral character of the man either, does it?

Mr. VICKERY. Not by any means.

Mr. HEDGE. I have heard of a man passing a civil-service examination very high and going into the Government service and then going into the penitentiary in less than two years.

Mr. FINLEY. What facilities have you or what methods do you employ in getting rid of a post-office inspector whom you find to be unfitted and disqualified for the service?

Mr. VICKERY. There have been quite a number of removals since I have been chief inspector. There have been some reductions for failure to do as much work as ought to be done, and there have been some men who have been dropped at the end of six months, because they could not keep up, and others have resigned in order to keep from being dropped.

Mr. FINLEY. I think that is important in view of what is proposed here—the transfer of these 150 rural agents. Then you have ample power to get rid of an inspector if he is unsatisfactory?

Mr. VICKERY. Yes, sir.

Mr. FINLEY. And after he has served longer than a year can you get rid of him if you want to?

Mr. VICKERY. With us, of course, there is this point, we may reduce a man from the highest to the lowest grade, and we may transfer him to a district where he can not do as much harm before removal; but if his work does not show up well and I am satisfied he is not suited for the place, I have in several cases sent a statement of charges to him and required an explanation, and if his explanation was not satisfactory it has resulted in his removal.

Mr. HEDGE. Who does the removing?

Mr. VICKERY. The Postmaster-General; but he does it on the recommendation of the chief inspector generally.

Mr. HEDGE. He does not have to ask the Civil Service Commission?

Mr. VICKERY. No; not if there is cause.

Mr. HEDGE. Do you have to show cause to the Commission?

Mr. VICKERY. No, I do not think so.

Mr. HEDGE. Under the recent order of the President the Postmaster-General can dismiss without giving any reason, without giving a cause?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. Do you think the authority of removal of inspectors has been exerted in as many cases in your corps as it should have been?

Mr. VICKERY. Frankly, no. There are at least one or two cases where milder steps have been taken in the hope that there will be improvement.

The CHAIRMAN. I wish to call your attention to the bill, Mr. Vickery, and ask one or two questions that I hope may close this investigation.

In the item recommending the appropriation of \$200,000 for clerks and laborers at division headquarters, and various items enumerated in that paragraph, I wish to ask if you can furnish the committee with a segregation of these items, under the following heads: What amount will be necessary for clerks and laborers? What amount will be necessary for traveling expenses? What amount will be necessary for livery hire? What amount for expenses incurred by field inspectors not covered by per diem allowance?

Mr. VICKERY. I do not believe we have any data on which we could give you those figures.

The CHAIRMAN. Do you not believe, Mr. Vickery, that anybody who pretends to make a recommendation for a total amount of \$200,000 for certain things would necessarily be obliged to make up that total from various items covered by this inquiry?

Mr. VICKERY. Yes; it would be estimates for each of them, but the trouble would be this, that the driving, for instance, required this year may be more or less than last year—

The CHAIRMAN. I am asking you to separate your total recommendation for \$200,000, which is an estimate, into items covering your estimates for clerks and laborers, for traveling expenses, your estimate for livery hire, and your estimate for expenses incurred by field inspectors not covered by per diem allowance; and you say you can not furnish that?

Mr. VICKERY. Of course our livery hire is part of this field-inspection service not covered by per diem.

The CHAIRMAN. I believe I will ask you to furnish that, and then let you state your inability to furnish that, if you can not do it; but I believe you will agree with me that you have not simply made a guess at \$200,000.

Mr. VICKERY. It is based on the estimates of expenditures before, but those have always, as far back as I remember, been added together in one lump; and if we spent \$85,000 last year, say, and that in proportionate increase of the service, the other increase would follow.

The CHAIRMAN. Well, you do your best, and we will suspend consideration of that item until we can have some more definite detailed information of that estimate.

You stated a while ago that you had had a conference with the secretary of the Civil Service Commission relative to the authority for the

appointment of rural agents and superintendents of divisions at headquarters and post-office inspectors, and you were informed that ample authority existed. Can you have the committee advised in writing, by way of an official letter from your Department to the Civil Service Commission and the answer of that Commission, so we can have that information?

Mr. VICKERY. I think so.

The CHAIRMAN. If the rural agents were not merged with the post-office inspectors, as you recommend, and no appropriation should be made for the six superintendents of divisions of rural delivery and provision was made for six post-office inspectors, either at the grade of \$1,800 or by increasing the number of the \$2,000 grade, would you construe that to mean definitely the transfer or appointment of these six division superintendents, or would you exercise your discretion of appointing them or selecting some from this eligible list to which you have referred?

Mr. VICKERY. Well, that is the Postmaster-General's question. I have talked with him on the other point, the consolidation of the whole service, and I know I express his views in that.

The CHAIRMAN. I am separating them—

Mr. VICKERY. But I have not asked him the question on the separate proposition. I could not say what he would say to that. It is a fair proposition, though, Mr. Chairman, that unless there is a merger of the entire forces that to put in these six men and no others with the men doing the inspector's work, who have been doing it for years, putting these six men in above them, and that without the entire merger of the two forces, would not look perfectly fair.

The CHAIRMAN. Your argument in reference to the six superintendents of divisions going into the service is on the theory that you would already have post-office inspectors in charge performing the same service, and your recommendation for a discontinuance of these six superintendents of divisions is in order to make that service universal?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. That is entirely separate and distinct from the recommendation of the merger of the rural agents, no one of whom now has any connection at all with the post-office inspection service, but whose duties are exclusively with reference to rural delivery?

Mr. VICKERY. These six men are employed exclusively with reference to duty on rural service, and if you will pardon me I meant to say that these six men would be put in traveling work on special high-grade work of the rural service.

The CHAIRMAN. But you have failed to appreciate the distinction I make in the fact that there is already a practice under which post-office inspectors in charge at a number of places are performing the same duty which is now performed by the six superintendents of divisions.

Mr. VICKERY. Yes.

The CHAIRMAN. And the discontinuance of the remaining six divisions, covering their duties and the six other post-office inspectors in charge, would be merely the uniformity of that character of work?

Mr. VICKERY. Yes.

The CHAIRMAN. Whereas the rural agents are now employed exclusively upon the installation of new rural service and the inspection of existing rural routes, while their merger into the branch of post-office inspection service would make them full-fledged post-office inspectors

for all purposes of that corps, and the committee might feel (I only throw it out as a suggestion) that there would not be the same danger to the efficiency of the post-office inspection service in the appointment of six of the highest men in the rural service that might follow from a transfer of 150 into that service. Do you catch my point?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. Hence I ask if there should not be authority granted for the transfer of the rural agents, leaving them for a while until the rural service might be more nearly completed, not the same work they are now performing, but a discontinuance of the superintendents of rural delivery, on the score that there ought to be uniformity of work with the post-office inspectors in charge and the authorization of six post-office inspectors at either \$1,800 or \$2,000, whether you would construe that has to be followed by the appointment of those six men?

Mr. VICKERY. I would certainly think so, yes; that the committee intended it.

The CHAIRMAN. I am not asking you what you think the committee might intend, but in view of what you said?

Mr. VICKERY. I would like to talk about that with the Postmaster-General. So far as I am personally concerned I have no objection.

The CHAIRMAN. It is more a matter of argument, but there might be some good reasons for hesitating to put a bunch of 150 people into an entirely new service and simply leave it to the authorities to weed out the poorer ones, whereas there might not be the same danger if we were limited to six.

Are there any other questions by members of the committee as to the post-office inspection service?

(Thereupon, at 1.35 the committee took a recess until 2.15 p. m.)

AFTERNOON SESSION.

The committee met, pursuant to the taking of recess, at 2.15 p. m.

STATEMENT OF MR. WILLIAM J. VICKERY—Continued.

The CHAIRMAN. Mr. Vickery desires to make an explanation about one point.

Mr. VICKERY. In talking this morning there were so many things that I did not know I overlooked one point that I believe I should say something about.

The Postmaster-General has estimated for 15 inspectors in charge at \$3,000 each, as against 5 now at \$3,000 and 10 at \$2,500. There has never been any reason why there should be some at \$3,000 and others at \$2,500, and that was simply a compromise. They are of the same capacity and of the same ability, practically speaking, and they should be of the same salary. If the committee gives the supervision of rural work it will increase their work to quite an extent, to an extent that would warrant the increase of \$500 salary, and the distinction between them should not be made. The \$3,000 salary will put them just where the superintendents of railway mail service are, who are men of the same grade and always were of the same salary until their recent increase. Three thousand dollars will not overpay them,

and I think it is only fair that they should be mentioned in this way, and that I should bring this to your attention.

The CHAIRMAN. If the committee felt it could not increase the remaining ten, then, for the purpose of having them all at the same grade, would you think it advisable to reduce the other five?

Mr. VICKERY. I would not care to do that after the increase had been made once. Those five men were selected as the senior men of the force; there was little difference, but they were picked out after a great deal of hard work as the men of the fifteen best deserving the increase.

The CHAIRMAN. I think you said that there were only nine actually employed; where is the vacancy?

Mr. VICKERY. There is a vacancy at Philadelphia; for disciplinary reasons a change was made there, and the vacancy has not been filled.

Mr. MOON. You think they should all receive the same pay?

Mr. VICKERY. Yes.

Mr. MOON. How would it do to put them all at \$2,750?

Mr. VICKERY. I do not think it would be fair to them. I think the inspector in charge at Chattanooga is one of the \$3,000 men, and I believe the others should get the same.

The CHAIRMAN. You say the Chattanooga inspector is one of those who receives \$3,000 salary?

Mr. VICKERY. Yes, sir.

The CHAIRMAN. When it was understood that the five points where \$3,000 should be allowed would be large cities—Boston, New York, Philadelphia, Chicago, and St. Louis—how did you come to work in Chattanooga?

Mr. VICKERY. I had no such understanding.

The CHAIRMAN. They were to be the five principal cities.

Mr. MOON. Do you not recognize Chattanooga as one of the five principal cities?

The CHAIRMAN. Not among the five largest cities; no.

Mr. MOON. It is one of the largest cities for this service. You handle the south and southeast from Chattanooga?

Mr. VICKERY. Yes; it handles Florida, South Carolina, Georgia, Alabama, and Tennessee.

Mr. STAFFORD. And at what places are the inspectors receiving \$3,000.

Mr. VICKERY. The salaries were given, not on the basis of the location, but on the seniority in the service. The inspectors in charge receiving \$3,000; first, the inspector in charge at Chicago; second, the inspector in charge at Washington; the inspector in charge at New Orleans; the inspector in charge at Boston; the inspector in charge at Chattanooga.

Mr. STAFFORD. Does the amount of work and the grade of responsibility differ at respective offices?

Mr. VICKERY. I think not. There should be the same amount of responsibility at each place, although the kinds of work do differ somewhat. For instance, in the Western States the inspector in charge has supervision of men who have to carry on a different class of investigations perhaps, but there is no difference in the grade of work.

Mr. STAFFORD. What rule did you follow in extending this promotion of \$500 to those longer in the service?

Mr. VICKERY. The rule that the men were all well qualified, that they were all of practically equal ability, and that, in the first place, two of them were the senior men in the service, and that were also veterans of the civil war, and one of them was a veteran of the Spanish war in addition; so those were given the first places without question—

Mr. STAFFORD. Was the person who made these promotions acquainted with the hearings in the last session and the recommendation made by the official having this matter in charge that these promotions should take place in the five large cities, New York, Boston, Philadelphia, Chicago, and St. Louis?

Mr. VICKERY. I recommended the promotions, and I never heard anything to that effect at all until now. Last year, as you remember, the House committee did not increase any of them. The Senate increased 15 of them, and they compromised and the conference gave but 5, and if there is any agreement of that kind I do not know of it.

Mr. STAFFORD. Perhaps I am in error in confusing what was reported by the subcommittee and what was recommended by the entire committee so far as these 5 were concerned. We may have recommended to the House only the salaries as they then existed.

The CHAIRMAN. The report of the subcommittee to the full committee last year provided for no inspectors in charge at \$3,000 per year.

Mr. VICKERY. But I am right, am I not; is it not true that the bill as it left the House provided for all of them at \$2,500, and is it not true that the Senate put them in at \$3,000—15 of them—and that then there was a compromise on 5 of them being allowed \$3,000?

The CHAIRMAN. I confess that I do not remember. I can tell you in a minute.

Mr. STAFFORD. I find, Mr. Chairman, in the bill as it left the committee that we only provided for 15 at \$2,500.

The CHAIRMAN. Yes; that is as it left the committee. Then it went through the House that way.

Mr. VICKERY. I did not know, speaking frankly, of this big city arrangement.

Mr. GARDNER. Just what change has there been? Was there no inspector's salary above \$2,500?

The CHAIRMAN. The old law fixed the salaries of post-office inspectors in charge at \$2,500. The subcommittee of this committee reported to the full committee a recommendation for 5 of them at \$3,000 a year, and 10 of them at \$2,500. The full committee amended that so as to make no change in the \$2,500 salaries for all post-office inspectors in charge. The Senate, as I remember it, provided for 15 inspectors in charge of divisions at \$3,000 each, and 5 inspectors at \$2,500 each, and, as Mr. Vickery said, the law fixing 5 at \$3,000 and 10 at \$2,500 was a compromise in conference.

Mr. GARDNER. The fact is, then, that the cut to five in the conference committee instead of reducing anybody's salary resulted in an increased salary of five inspectors to a greater sum than any inspector had theretofore received?

The CHAIRMAN. Yes; and as I clearly remember it was intended that those five should be the five leading cities of the country, but there was nothing in the law to indicate that.

STATEMENT OF MR. J. J. McCARDY, AUDITOR FOR POST-OFFICE DEPARTMENT, ACCOMPANIED BY MR. C. A. KRAM, LAW CLERK.

The CHAIRMAN. Do your records show, Mr. McCurdy, any separation of expense in the appropriation for salaries of clerks and laborers at division headquarters of the post-office inspectors in charge from the miscellaneous expenses or traveling expenses out of that single appropriation?

Mr. McCARDY. I supposed, Mr. Chairman, that we were asked to come here to give information more particularly about the management of the Auditor's department—

The CHAIRMAN. Well, I understand that all items of appropriations must go through the Auditor's department.

Mr. McCARDY. And I was going to say that if you want to have detailed statements of matters of that kind it is pretty difficult for us to carry it in our mind, and any questions you might care to ask us we will submit to you in writing, giving you the facts.

The CHAIRMAN. I ask you now whether you have in your office any records which would show a separate item of expense from one appropriation?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. And could you show what proportion of the expenditure of the last fiscal year out of the appropriation for salaries of clerks and laborers, miscellaneous expenses, and traveling expenses, and so forth, appertained to the headquarters of the chief post-office inspectors in charge?

Mr. McCARDY. Yes.

The CHAIRMAN. You have not that data here?

Mr. McCARDY. No.

The CHAIRMAN. Will you supply those various items from that appropriation?

Mr. McCARDY. Yes.

The CHAIRMAN. The appropriation being, for the fiscal year 1905, \$100,000, what effect in the administration of the service and the payment of salaries of postmasters comes from a shortage of appropriation? I will explain by saying that while the law fixes the salaries of postmasters, Congress appropriates such sum as it estimates will be ample; but suppose a less amount is appropriated than the law has authorized, does it involve any difficulty in payment by the holding of the settlement of their accounts?

Mr. McCARDY. I would ask Mr. Kram to answer that.

Mr. KRAM. Answering that question, the item of compensation, if it exceeds the appropriation, is suspended and reported in the deficiency bill.

The CHAIRMAN. But I speak with particular reference to the administration of the service. If the appropriation is not sufficient to cover the compensation of postmasters, will it involve such a suspension of the examination of postmasters' accounts as will necessitate additional labor and protracted examination, or will it only amount to a withholding of the compensation from the postmaster?

Mr. KRAM. It results only in the withholding of the compensation from the postmaster.

The CHAIRMAN. I was told by an officer of the bureau that unless Congress appropriated an ample fund for compensation so that there

would be unquestionably no deficit, that it involved embarrassment in the administration because it was necessary to make up separate accounts, and it would require a suspension of all of the examination of that individual postmaster's accounts before it could be told when and how he would be paid.

Mr. KRAM. It results in carrying a balance to the credit of the postmaster; that is the result of it.

The CHAIRMAN. The same thing is true to reference to any item of appropriation?

Mr. KRAM. Yes, sir.

The CHAIRMAN. The mere fact that there is not enough appropriated, even although the law clearly gives an additional sum to an employee, would not involve any different method of bookkeeping, would it?

Mr. KRAM. Simply a suspension of the credit.

The CHAIRMAN. And the credit would be carried to that account?

Mr. KRAM. Yes.

Mr. MCCARDY. The account would be audited the same as if we had the money, and whenever the money came he would be paid.

Mr. KRAM. Yes; it would involve no extra amount of work on the part of the Auditor's force.

The CHAIRMAN. What is the method of keeping the accounts of the various clerks and employees in the post-offices of the first and second class; in other words, do you simply keep the account as to the office or do you keep it as to the individual and as to the individual offices?

Mr. KRAM. Both ways.

The CHAIRMAN. What could be shown from that system of bookkeeping in your department whether or not any employee or clerk in an office of the first or second class who was paid the same for a different office from that for which he was designated; in other words, could a clerk be employed as assistant superintendent of the money-order division and receive the pay of the office of superintendent of carriage?

Mr. KRAM. Not without showing that on the records of the office of the Auditor.

The CHAIRMAN. So your system would clearly demonstrate, would it, that each clerk in an office of the first or second class is paid according to the office of his individual designation?

Mr. KRAM. It would.

The CHAIRMAN. Are there any instances, as shown from your records, where any employe in an office of the first or second class is being paid a salary different from that for which he is designated?

Mr. KRAM. I do not recall any. I have an impression, however, that we have had instances of the kind.

The CHAIRMAN. What is your practice whenever you discover such an instance?

Mr. MCCARDY. Call the postmaster down to explain it.

The CHAIRMAN. Do you regard that an individual is entitled to pay to any office other than that for which he is designated under his appointment?

Mr. KRAM. Our practice is to disallow it.

The CHAIRMAN. Your practice is to disallow it?

Mr. KRAM. Yes.

The CHAIRMAN. Then no officer is being paid for any other service than that for which he is designated?

Mr. KRAM. So the records show.

The CHAIRMAN. According to the record?

Mr. KRAM. Yes.

The CHAIRMAN. Is that same method of payment practiced with the railway mail clerks?

Mr. KRAM. It is.

The CHAIRMAN. And with all the various employees constituting the personnel of the service?

Mr. MCCARDY. Yes, sir.

The CHAIRMAN. Have you any data from which you can inform the committee how the appropriation for unusual business in third and fourth class offices has been expended, with particular reference to what proportion of it has been expended in Alaska? That item of appropriation contains a proviso that refers particularly to the payment from this fund in Alaska.

Mr. KRAM. Mr. Chairman, we can furnish the committee that data from our records.

The CHAIRMAN. Then will you furnish the committee with the data pertaining to that item, which last year was \$50,000, for unusual business at third and fourth class post-offices, stating what proportion of it was for unusual business in what we would call these States and Territories, and what proportion in Alaska, and all the items aggregating the total amount expended?

Mr. KRAM. Yes, sir.

The CHAIRMAN. With reference to the appropriation for rent, light, and fuel for first and second and third class post-offices, will your records disclose what proportion of that appropriation, which last year was \$2,800,000, was for these purposes at those third-class post-offices?

Mr. KRAM. Yes, sir.

The CHAIRMAN. How much was for first-class offices, how much for second, and how much for third-class offices?

Mr. KRAM. Yes, sir.

Mr. SNAPP. How much for rent, how much for light, and how much for fuel?

Mr. MCCARDY. You want it for rent, light, and fuel for first, second, and third-class offices?

The CHAIRMAN. Mr. Snapp wants to know whether it would show the separation of what was spent for rent, what was spent for light, and what was spent for fuel.

Mr. MCCARDY. Yes, sir.

The CHAIRMAN. I mean how much for rent at first, second, and third class offices, and how much for light at first, second, and third class offices, and how much for fuel at first, second, and third class offices.

Mr. MCCARDY. That is as I understand it; yes.

Mr. STAFFORD. Is there not a lumped allowance made for all three items and no separate allowance for each, as practiced by the departments?

Mr. MCCARDY. Yes, sir.

The CHAIRMAN. Then would your records show how much was for rent and how much for light and how much for fuel, separately, for the first, second, and third class offices?

Mr. KRAM. We could furnish that information for an individual office, but we do not keep a classification except by offices.

The CHAIRMAN. The only way you could get that, then, would be by going through each individual office. That is more than I would care to ask for; but you can show how much was expended for all first-class offices and how much for all second-class offices and how much for all third-class offices, can you not?

Mr. KRAM. Yes, sir; by classes.

The CHAIRMAN. Will you please furnish that?

Mr. KRAM. Yes.

The CHAIRMAN. In the last appropriation bill there was an appropriation of \$225,000 for necessary miscellaneous and incidental items directly connected with first and second class post-offices, as shown on page 19 of the bill. Will your records disclose in any kind of separate items the expenditures from all that appropriation, or will it only show its offices?

Mr. KRAM. I did not catch that.

The CHAIRMAN. The appropriation of \$225,000 for necessary miscellaneous and incidental items directly connected with first and second class post-offices?

Mr. KRAM. We could furnish that by individual offices.

The CHAIRMAN. That is the only way?

Mr. KRAM. Yes, sir.

The CHAIRMAN. You have no data from which you, without great labor and inconvenience, could indicate what proportion of that was spent for furniture and what proportion for cleaning, or any special items of that kind?

Mr. KRAM. We could not furnish that except upon an examination of each individual account.

The CHAIRMAN. Then I will not ask for that.

Mr. STAFFORD. What method is pursued in your department when a clerk or other official receives an increase of salary, so far as noting it or receiving the information that he is to receive an increased salary?

Mr. McCARDY. The method, you say, pursued as to payment?

Mr. STAFFORD. You receive a notice of an increase of salary?

Mr. McCARDY. We receive the notice that the man is sworn in at the higher grade, and the disbursing officer is notified of his change of class, and he is paid according to that class.

Mr. STAFFORD. How is the information brought to your Department of expenditures by those who are entitled to a per diem allowance and also to an allowance for livery hire exclusive of the ordinary per diem allowance?

Mr. McCARDY. Through certification from the Post-Office Department.

Mr. STAFFORD. For each respective item or by months?

Mr. McCARDY. By months.

Mr. STAFFORD. For each individual?

Mr. McCARDY. Each individual; and he has got to furnish a voucher for each item for which he has expended money.

Mr. STAFFORD. Are those vouchers submitted to you?

Mr. McCARDY. Yes, sir.

Mr. STAFFORD. What distinction do you make in making payments from the items for substitutes for clerks on vacations and temporary clerk hire in the expenditure from those two respective items?

Mr. McCARDY. I do not believe I understand the question.

(The question was read by the stenographer.)

Mr. STAFFORD. In offices of the first and second class.

Mr. McCARDY. I would ask you to submit that question in writing, and I will confer with our bookkeeping division as to any distinction in that.

Mr. STAFFORD. When allowances were made to postmasters of offices of the third class to cover cost of clerical service, what system was followed in making their pro rata increase whenever requisition was ordered?

Mr. McCARDY. Give me that in writing, please; that is a rather complicated question.

Mr. STAFFORD. You are acquainted with the fact that two years ago the appropriation carried a new item for allowance to third-class post-offices, to cover the cost of clerical service, to the amount of \$750,000. I seek to ascertain how that money was expended to the postmasters in that class and what method your office followed in its expenditure.

Mr. McCARDY. Let me have that and I will produce the information.

The CHAIRMAN. That allowance was to postmasters; it was not to clerks.

Mr. McCARDY. It was an allowance to postmasters for clerk hire.

The CHAIRMAN. I wanted to find out whether or not that allowance being to postmasters would not come up as a part of your system of accounting against the accounts of the postmasters.

Mr. McCARDY. We are notified of the allowance that is made to the different postmasters by the salary and allowance division, and on that we act. As to the distribution of it, as to how much I can not answer that here.

Mr. STAFFORD. I was only seeking for the system. If the Auditor is not in a position to give it I do not know that the question is of such urgency that he should go to great research in order to furnish us with the information. I thought he would have it at his command here. I thought he could tell us, generally, about the system.

Mr. McCARDY. It is handled through the salary and allowance division of the Post-office Department.

The CHAIRMAN. That is to say, the allowance is made from that branch of the service and your office is notified of the allowance?

Mr. McCARDY. Exactly.

The CHAIRMAN. Then, in the auditing of the accounts of the respective third-class postmasters you take into account the authorization of these specific allowances for that purpose?

Mr. McCARDY. We do.

The CHAIRMAN. As a matter of fact, that is the explanation, is it not?

Mr. McCARDY. Is that what you are driving at?

Mr. STAFFORD. Not what I was driving at.

Upon request of Mr. Stafford the stenographer read the pending question, as follows:

When allowances were made to the postmasters of offices of the third class to cover cost of the clerical service, what system was followed in making their pro rata increase whenever requisition was ordered?

Mr. McCARDY. That has been explained; I did not exactly know what you meant by pro rata.

Mr. STAFFORD. If you had the item here which segregates them in pro rata allowance, of course the question might have been more

intelligible and it should have included a fuller and more detailed statement to embrace all particulars as to expenditure, so that you fully grasp the import of the question.

The CHAIRMAN. I would like to inquire, Mr. McCurdy, if your records will show what expenditures made from the appropriation of \$275,000 for rental or purchase of canceling machines were for rent, and what proportion for purchase.

Mr. McCARDY. Yes, sir. That item was not kept separate for the fiscal year preceding this.

The CHAIRMAN. 1905?

Mr. McCARDY. For 1905 we have it separate.

The CHAIRMAN. What the expenditure was from that appropriation for rental and what for purchase and what for cost of power and repairs.

In the item appropriating \$350,000 for mail bags, cord fasteners, label cases, and labor and material necessary for repairing equipment, and for incidental expenses pertaining thereto under the Second Assistant's office, can you inform the committee, from your records of the items of expenditure for mail bags, what was spent for that, and what was spent for cord fasteners and what for label cases and what for labor out of that appropriation?

Mr. McCARDY. Will you recall those items again, please?

The CHAIRMAN. What I seek to know is whether you can show from your records the various expenditures in this appropriation, covering the specific things indicated, namely: Mail bags, cord fasteners, label cases, labor, and material necessary for repairing equipment and for incidental expenses.

Mr. KRAM. I believe we can furnish several of those items, but not all.

The CHAIRMAN. Will you furnish what your records show without going into minute detail? If there is a separate record kept of the cost for mail bags, and for cord fasteners, and so forth, please furnish that.

Mr. KRAM. Yes, sir.

The CHAIRMAN. And the same inquiry with reference to the \$45,000 appropriation for mail locks and keys, chains, tools, and machinery, and labor and material necessary for repairing same and incidental expenses; in other words, whatever your records show of the separate accounts in which you keep that expenditure, please furnish the committee with it.

Mr. KRAM. We keep those items separated just as far as they are furnished to us, and in some instances there is no separation at all.

The CHAIRMAN. Exactly. What I am seeking to ascertain is in what detail these various items are really kept on the books; in the case of this item \$350,000, I wondered if you can tell from your books what proportion of it is expended for one of four different things enumerated in the item itself.

Mr. STAFFORD. As I understand it, the Pacific railroads do not receive pay for the carriage of the mail from the general item for inland mail transportation, and if so, if I am right, from what item do they receive their compensation?

Mr. KRAM. That is a hard question.

Mr. STAFFORD. And wherein does it differ from the pay accorded to railroads in general?

Mr. KRAM. I think the Auditor will have to submit his answer to that question in writing.

The CHAIRMAN. There are several Pacific railroads.

Mr. STAFFORD. The Book of Estimates, referring to this item, uses the words "Pacific railroads." I am seeking to find out why this item (referring to the sum in the Book of Estimates which has been referred to) is not included in the pay for inland transportation by railroad routes—this general item for inland mail transportation.

Mr. SNAPP. It is not paid; it is only certified to the Treasury, and they are given credit for it against the Government.

Mr. KRAM. It is a bond-aided road and the account is certified to the Treasury, and neither comes in nor goes out, as has been stated.

Mr. STAFFORD. Does this Central Pacific Railroad Company receive any pay for the carriage of the mail or any credit for the same, and what debit is charged up for this carriage?

Mr. KRAM. We will submit to you an answer in writing to that question.

Mr. STAFFORD. And, further, whether there are any railroads which are credited for their carriage of mail against any other indebtedness similar to that of the Central Pacific Railroad Company.

Mr. HEDGE. Did you answer whether there were any roads?

Mr. MCCARDY. There are no roads, but we will make a specific answer to that. I thought that was a continuation of the other question.

The CHAIRMAN. Will you be kind enough to explain to this committee the way in which the accounts are kept for the disbursement of what is known as the railway mail pay, the compensation to railroads for the carrying of the mail?

Mr. MCCARDY. I will explain that.

The CHAIRMAN. Do the roads file accounts and are those accounts examined by any officers before they come to your office for audit, or are all those examinations made in your office?

Mr. STAFFORD. What page are you on?

The CHAIRMAN. Page 27, "Railway mail pay." I am seeking to have an explanation of the method of the accounting and the disbursements of the large appropriations for the railway mail pay.

Mr. MURDOCK. I wish you would carry that out step by step. I would like to know where the Auditor's office first receives notice of an indebtedness, and how it pays it.

The CHAIRMAN. That is what I have asked for, to show how their accounts appear on the books step by step for the purpose of the disbursement of the railway mail pay.

Mr. MCCARDY. The authorities once in four years weigh the mails on the various divisions of the railway-mail service of the United States. The weights as they are disclosed is the basis of payment for the next four years, and they are paid by the mile for the mail carried.

Mr. MURDOCK. Just there for a moment. Are the figures for the weight of the mail in the possession of both the Auditor and the Second Assistant Postmaster-General?

Mr. MCCARDY. We will come to that in a minute. There has been a good deal of discussion about that in the last three or four years. The weights are in the possession of the Post-Office Department.

The CHAIRMAN. The Second Assistant Postmaster-General?

Mr. MCCARDY. Yes, sir; and they certify to our office each month

the amounts due by the information ascertained by that weighing process, once in four years, the amount due to each carrier. Our office does not have the information that you ask about; we do not know that that is so; we simply take the statement that they make.

Mr. MURDOCK. You have no check on that?

Mr. McCARDY. We have no check on that, and the Auditor's Office for several years past has brought that to the attention of the authorities. We have not that information, but we simply pay on the statements made. The modus operandi of the payment after that certification has been made to our office is that of any other ordinary account in due course.

The CHAIRMAN. If I understand you, the first information which the Auditor's Office receives of a charge on the part of the railroad company is information from the Second Assistant Postmaster-General as to the weights which they have ascertained over the various roads.

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Is that the first information?

Mr. McCARDY. That is the first information.

Mr. KRAM. We do not get that information.

The CHAIRMAN. Well, what is the first information?

Mr. KRAM. The first information we get is, as the Auditor stated, an order signed by the Second Assistant Postmaster-General authorizing the payment of a certain amount to the railroad for service for a certain time, less fines and deductions, whatever he may charge up against that service, and from that entry made on the books of the Auditor the report is made up.

The CHAIRMAN. Then, so far as the system of payment to the railroads for carrying the mail is concerned, it would not differ if the Second Assistant Postmaster-General sent that directly to the Secretary of the Treasury, would it?

Mr. KRAM. It would not.

The CHAIRMAN. Do you, as a matter of course, follow exactly the recommendation of the Second Assistant in the payment?

Mr. McCARDY. We have no other information than that which he furnishes.

The CHAIRMAN. Yes; and when you receive from the Second Assistant a certification that so much money is due a certain road for a specific route, what do you do? Do you enter that on any book?

Mr. McCARDY. Oh, yes; we enter it.

The CHAIRMAN. Do you keep a separate accounting system by railroads or by railroad routes?

Mr. McCARDY. By both.

The CHAIRMAN. That is to say, you keep an entry for each railroad and then an itemized entry of the routes making up that road?

Mr. McCARDY. He certifies all that; on the Pennsylvania Railroad, for instance, there may be a thousand routes—

The CHAIRMAN. But you have a separate entry for each of the routes?

Mr. McCARDY. We do.

The CHAIRMAN. And then your books would show, for instance, your account with the Pennsylvania Railroad Company the various routes under that company?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. And whenever you receive a notification from the Second Assistant that a certain amount is due any specific railroad, you make that entry on your books?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. And then what do you do next?

Mr. McCARDY. Put the machinery in motion to pay it.

The CHAIRMAN. What is that machinery? What do you do?

Mr. McCARDY. That goes to the pay division of our Department, and there are clerks there who have charge of that particular part of the pay-division office. That clerk makes up an account, a statement, using that Second Assistant's report to us as a basis, he makes up a report, and it is then sent to the finance division of the Third Assistant's office for them to draw a warrant in payment thereof.

Mr. MURDOCK. What, as a matter of fact, does the pay division do?

Mr. McCARDY. The pay division keeps the accounts of that particular part of the business.

Mr. MURDOCK. It does not audit in any sense, it merely enters it?

Mr. McCARDY. Yes; it does.

The CHAIRMAN. What does it do?

Mr. McCARDY. It sees that it has not been heretofore paid, and sees that the calculations are correct.

The CHAIRMAN. What calculations? In what form does a certification from the Second Assistant first reach your office? Does it reach it with the calculation of various items that can be revised or examined and verified by you, or is it just a total sum?

Mr. KRAM. The certification shows the number of miles over which the mail has been carried and the contract rate per mile, and notes the fines or deductions for failure to perform the service for any reason, and the calculations on that report are made by the Auditor and entered by the clerks in charge of that work in their books; and it is on the basis of that account kept in our office, from the certifications of the Second Assistant Postmaster-General, that the report, or statement, as we call it, is made up; and the statement contains the information that a particular road has performed the service of carrying the mail on such a route number and is entitled to so much pay. The report does not give the number of miles or the rate per mile, but it is on that report countersigned by the Auditor certifying as to the correctness of the calculation only that the warrant is drawn by the financial division of the Post-Office Department and countersigned by the Third Assistant, then returned to the office of the Auditor for his signature, and from there it is sent to the Treasury for counter signature.

The CHAIRMAN. When that statement first reaches you from the Second Assistant Postmaster-General, does the statement itself on the paper that is first delivered to you from his office show the calculations of the total sum that is due upon those calculations?

Mr. KRAM. They do not. They simply give the—

The CHAIRMAN. Then, the calculations are really made in your office?

Mr. KRAM. Yes, sir.

Mr. STAFFORD. What do the statements furnished by the Second Assistant Postmaster-General, so far as this matter is concerned, give?

Mr. KRAM. The route number, the number of miles in the route, and the rate of pay per mile, the fines and the deductions, and average daily weight.

Mr. STAFFORD. All that you have to do, which could readily be done by the Second Assistant, is to go through a multiplication process?

Mr. McCARDY. That is all, sir.

They furnish the data and we make the bill.

Mr. STAFFORD. You make the multiplication only?

Mr. McCARDY. Yes, sir.

Mr. MURDOCK. The pay division multiplies?

Mr. McCARDY. Yes; and records it.

Mr. MURDOCK. And what does the finance division do?

Mr. McCARDY. They draw the checks.

Mr. GARDNER. Suppose the Second Assistant certified the weight and the rate of pay per ton mile. How would that change it? It would simply give you a little more calculation?

Mr. KRAM. And additional multiplication.

Mr. GARDNER. It would still be multiplication?

Mr. KRAM. Yes, sir.

Mr. GARDNER. And nothing more?

Mr. KRAM. Yes, sir.

Mr. McCARDY. We would not know whether that weight was correct or not; we would be taking it on faith.

Mr. GARDNER. There could be no remedy, then, unless the weights were filed in your office immediately after each weighing?

Mr. SNAPP. That would not provide a remedy.

Mr. GARDNER. I know it would not.

Mr. SNAPP. The only remedy would be to have cooperation between the Auditor's Department and the Post-Office Department in taking the weight.

Mr. GARDNER. That would be my next question—

Mr. McCARDY. We have no means of verifying the present weights.

Mr. GARDNER. And the present method could not be improved upon unless there was cooperation with the Auditor's department or the method of verifying the weights was improved in some way?

Mr. McCARDY. That is all.

Mr. STAFFORD. Could you suggest a system whereby there could be some check on the returns as contained in the certificate furnished by the Second Assistant Postmaster-General as to the amount of mail that is carried and the rate they should receive for the carriage on the respective roads?

Mr. McCARDY. The only way to do that would be to reweigh the mail, follow up the same process as is now followed, and we have not the facilities to do that.

Mr. STAFFORD. Could there be a system devised whereby any of the superintendents of the railway service could certify during the weighing period—or any other official—to your department as to the amount of mail carried during the respective periods, so you would have the information also as to which was the basis for the pay to the respective railroads?

Mr. McCARDY. The weighing of the mail every four years is the basis of the whole business and any recertification as to that weight would be for future service only.

Mr. STAFFORD. As I understand it, in your office you have no returns whatsoever as to the amount of mail that is returned to the Department as being the basis for the pay to railroads during the four years following the weighing period?

Mr. McCARDY. We are notified of the average daily weight, but not the weight for each day.

Mr. SNAPP. That could be easily remedied by having all these train weight cards made in duplicate.

Mr. HEDGE. What advantage would there be in that?

Mr. SNAPP. Filing one with the Auditor and one with the Post-Office Department.

The CHAIRMAN. It would give two different people a chance to make calculations, and one would be a check on the other.

Mr. STAFFORD. That is the point of my inquiry, whether that system would not be a check, and whether they would be obliged to accept the statement of one office alone and be a check to cover errors.

The CHAIRMAN. If these weights, when taken originally by the force and weight cards are made out, were filed with your office in duplicate, and your office should make the calculations, would you require an additional force to carry on those calculations, or could you make those calculations without any increase of force?

Mr. McCARDY. I don't think we could.

The CHAIRMAN. What increase of force would be necessary to perform that labor?

Mr. McCARDY. It would be a little difficult to answer that at the present time, not knowing—

The CHAIRMAN. You spoke of it having been a matter of controversy for two or three years or more in reference to the record of these weights?

Mr. McCARDY. Yes.

The CHAIRMAN. What has been your idea of any additional system so as to bring you those weights?

Mr. McCARDY. The facts are that we are paying out a large amount of money for this service on information furnished, which information we have no means of verifying, and if these duplicates were furnished us it would require about as many people additional in our office as are now required in the Second Assistant's office to make the calculations that are there made, that are furnished.

The CHAIRMAN. Have you any information about how many there are?

Mr. McCARDY. At present I have not.

The CHAIRMAN. But if the information was furnished in duplicate, the originals to the Second Assistant's office and the duplicate to your office, and both offices would make calculations as the basis of this pay, would not those calculations of those two offices be a check one against the other and a better system on which to base this pay?

Mr. McCARDY. Undoubtedly it would tend to shut out the possibility of error and anything else that might crop in.

Mr. GARDNER. Do you keep any account of the contract period from one weighing period to another?

Mr. McCARDY. Yes.

Mr. GARDNER. Then that check would only be important in the first order given after weighing, would it—in this sense—the first certificate sent in to you certifies the amount due, that is, on the basis of weight, mileage, and so on; if the next certificate differed, that would be a suggestion of error, would it not?

Mr. McCARDY. It would.

Mr. GARDNER. Suppose, as a matter of fact, the second, or third,

or fourth would differ from the first, would you not go back and compare them; do you not practice that safeguard against error now?

Mr. McCARDY. We inquire now if there is any difference in the payment; if there is an increase we want to know why, and if there is a decrease we want to know why.

Mr. GARDNER. So the only time an error is liable to creep in at all is under the first certification on each contract?

Mr. McCARDY. Practically.

Mr. GARDNER. After that you detect that?

Mr. McCARDY. Practically.

Mr. SNAPP. Do you know of any instance where the amount has been increased at any period after the weighing?

Mr. McCARDY. I do not think I recall any just yet.

Mr. SNAPP. As I understand it there might be an increase, but not an increase under the law. Sometimes decreases by reason of discontinuance of the mails.

McCARDY. Or changing the route of the mails.

The CHAIRMAN. How do you get that information?

Mr. McCARDY. The Second Assistant furnishes us with an order to that effect; a copy of an order that the mail has been ordered on such a route.

The CHAIRMAN. And then all that your office does with reference to this outlay is merely to make some extensions of the calculations which the Second Assistant has began?

Mr. McCARDY. Yes, sir; and then put the machinery in motion to pay the bill.

The CHAIRMAN. That machinery is simply a formal matter of book-keeping, is it not?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. And in no sense a check?

Mr. McCARDY. Only to the extent that if there is any difference between the present payment and the last payment we want to know why.

The CHAIRMAN. Where do you make your inquiry as to why?

Mr. McCARDY. At the Second Assistant's office.

The CHAIRMAN. Is the method of your appropriation for foreign mail service of the same character?

Mr. McCARDY. Generally, yes.

The CHAIRMAN. You have to depend on the Second Assistant's office for that?

Mr. McCARDY. That is all. In that case they furnished us the weights.

The CHAIRMAN. Who furnishes you the weights?

Mr. McCARDY. The administration end of it.

The CHAIRMAN. The Second Assistant's office?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Under what system are the weights furnished?

Mr. McCARDY. The postmaster at New York and certain other postal union stations may furnish us with the weights of the mails going out on each steamer.

The CHAIRMAN. And then you make the calculations on those weights?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. What is your method of procedure in regard to the accounting of the star-route service?

Mr. McCARDY. It is practically the same operation, going through the Second Assistant's office.

The CHAIRMAN. The star-route service is entirely a contract service?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Are you advised in any way concerning the terms of those respective contracts?

Mr. McCARDY. We have the contracts.

The CHAIRMAN. You have the contracts. Are those contracts examined by you in making your accounting for the disbursement of the fund?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Then the practice with reference to the accounting of the star-route service is not the same as with the railroad service?

Mr. McCARDY. Well, as to the payment it is the same, but we have the contracts themselves, and we know what ought to be paid.

The CHAIRMAN. What is your practice with reference to the accounting of the expenditure for the electric and cable car service? That is also a contract service. Do you have the contracts?

Mr. McCARDY. Yes, sir; we have those.

The CHAIRMAN. And your calculations are made after a minute examination of the terms of the contracts?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Is that true also with respect to the expenditure for post-office cars?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Do you have the data concerning the basis of that payment?

Mr. McCARDY. For the postal cars it is fixed by law.

The CHAIRMAN. It is fixed by law according to the length of the car and the mileage?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Where do you get your data with reference to the post-office cars?

Mr. McCARDY. From the second assistant.

The CHAIRMAN. In what way? Does he give it to you at the beginning of the year in one letter, or are you furnished that information at different times?

Mr. KRAM. By quarters, on certification.

Mr. McCARDY. He certifies that by quarters.

The CHAIRMAN. Are those calculations made in each individual case, or do you just pass upon the certifications from the Second Assistant's office?

Mr. McCARDY. The certification only.

The CHAIRMAN. You do not verify his calculations?

Mr. KRAM. No, sir. We have nothing on which to base the verification.

The CHAIRMAN. I understood you that you have the information as to the length of the cars and the routes. I may have misunderstood you, but I understood that they certified that information to you every quarter.

Mr. KRAM. In that instance they certify the amount only.

The CHAIRMAN. What amount--the amount that is due?

Mr. KRAM. Yes, sir.

The CHAIRMAN. Then you do anything necessary to put the machinery in motion, as you call it?

Mr. KRAM. We simply allow the credit.

The CHAIRMAN. Allow the credit?

Mr. KRAM. Yes, sir.

The CHAIRMAN. You make no calculation at all, then?

Mr. KRAM. No.

The CHAIRMAN. Then do you regard it that you are auditing the accounts of the railway mail pay?

Mr. McCARDY. Strictly speaking, no, sir.

The CHAIRMAN. Are you auditing the accounts of the railway postal cars?

Mr. McCARDY. Answering your question, I would say, no, sir; we are simply keeping those accounts.

The CHAIRMAN. Are you auditing the accounts of star-route service where you have the contracts and examine them?

Mr. McCARDY. In a better manner than we do the others, because we have the contracts there; we have some data to go by.

Mr. HEDGE. What information do you have that the star-route man is keeping his contract?

Mr. McCARDY. The certificate of the postmaster at either end of the line that he has rendered service during the month, or during the quarter, as it may be. The postmasters do not always furnish that information as promptly as they should, and that causes us delay sometimes in paying those men. The postal laws and regulations—

Mr. HEDGE. What check have you on the postmaster?

Mr. McCARDY. As to what?

Mr. HEDGE. When he makes a statement that John Smith has done such and such service in the last month or the last quarter, what check have you on him?

Mr. McCARDY. We haven't any; we have to take that on faith.

Mr. HEDGE. So, after all, you have to believe somebody?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. What is the practice of your office with reference to the accounting of the disbursements under the Third Assistant in the manufacture of stamps and stamped paper, and matters of that kind?

Mr. KRAM. That opens a big subject, and I do not feel, with the limited experience that I have had in that work, that I could give you a full answer to the question. The chief of the bookkeeping division has had that up with the Third Assistant Postmaster-General and various items—

The CHAIRMAN. Contracts are entered into through the Third Assistant Postmaster-General, for example, to manufacture stamps and stamped paper, and envelopes and newspaper wrappers. Where are those contracts kept?

Mr. KRAM. In the Third Assistant's office.

The CHAIRMAN. Are any of the contracts, or copies of them, kept in your office?

Mr. KRAM. No, sir.

The CHAIRMAN. Those contractors are paid under the terms of the contracts. Who pays them? Are they paid upon warrants by the Third Assistant?

Mr. KRAM. Yes.

The CHAIRMAN. What data is there on that in the Auditor's office?

Mr. McCARDY. Right there, on that particular point; there is a concern over at Bridgeport, Conn.. I think, that manufactures stamped envelopes and newspaper wrappers and that sort of thing. The Government has an employee there that counts them up and sees that they are shipped out to the various postmasters. We wanted some evidence last summer that that contractor had orders from the Third Assistant to print so many million postal cards and so many million stamped envelopes, and all that sort of thing. I wanted to see those orders, just for one month's bills, and see what disposition was made of the product and how he accounted for it, and before allowing the bill of some eighty odd thousand dollars we required that the written orders of the Third Assistant Postmaster-General be produced there, and they were produced. For that month's business those written orders were sent to us by express, and we had something like 140 pounds of those orders. Well, we saw the orders. We didn't go through all those. But that proceeding would have to be gone through.

That proceeding would have to be gone through every month, and those orders examined severally and separately and the additions and multiplications, and so on, all gone over in order to satisfy us that they were correct—that is, in order to make a complete check, and we have not the force to do that. I called it just one month's bills to determine that fact.

The CHAIRMAN. As to that product, that product is not shipped from that manufacturer to a central office here, but is shipped from that manufacturer to various post-offices throughout the United States?

Mr. McCARDY. We are then notified to charge the postmasters with the amount of the shipment, and that is the way that disbursement is made. I did that for the purpose of getting the information as to how that part of the business was done.

The CHAIRMAN. Do you inaugurate through what you call your machinery for the payment of the manufacturers for their work in manufacturing this stamped paper, envelopes, newspaper wrappers, and so forth?

Mr. McCARDY. That data comes to the Third Assistant's office.

The CHAIRMAN. For example, the Third Assistant is authorized to make a contract for the manufacture of stamps and stamped paper. After that contract is entered into the manufacturer receives orders for the manufacture of stamps and stamped paper under that contract and the stamps and stamped paper are distributed upon requisition by postmasters over the country. Finally he makes an account against somebody under the terms of this contract for manufacturing them?

Mr. McCARDY. He renders the bill.

The CHAIRMAN. What is the first information your office has that any such charge is to be made against this appropriation?

Mr. McCARDY. That bill of that contractor coming through the Third Assistant's office with his "O. K." as to its correctness.

The CHAIRMAN. And then what do you do when you get that bill; do you enter it on the books?

Mr. McCARDY. We enter it up and charge it up against the appropriation for that purpose.

The CHAIRMAN. For that purpose, and then your machinery is set to work, as you call it, grinding out this order which makes the payment?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. What evidence have you in your office concerning the terms of that contract?

Mr. McCARDY. We have a copy of the contract.

The CHAIRMAN. So that you, as a matter of fact, examine these several contracts for the manufacture of stamps and stamped paper, and when the bill comes in you compare the bill with the terms of the contract and then, so far as the contract is concerned, you can not tell whether the bill is correct or not, can you, because you do not know anything about the orders?

Mr. McCARDY. That is just the point that I brought up a moment ago. We do not know for the last month. For instance, we have not seen the orders of the Third Assistant Postmaster-General which he issued for the manufacture of supplies for the last month. I wanted to see them for one month, and ordered them—

The CHAIRMAN. Is that the only month you did that?

Mr. McCARDY. That is the only month; yes.

The CHAIRMAN. Then you have paid—as a matter of fact, have allowed—the bills of these manufacturers entirely upon the order of the Third Assistant Postmaster-General?

Mr. McCARDY. On the approval of the Third Assistant Postmaster-General and a certificate attached thereto of the storekeeper in charge, you might call him, at the manufacturer's office that he, the storekeeper, has received those supplies and has distributed them to the various post-offices.

The CHAIRMAN. When a postmaster makes a requisition for stamps or stamped paper, is your office notified of such requisition having been honored in order that you can charge the postmaster's account?

Mr. McCARDY. We are not notified until the stuff is shipped to him, then we charge him.

The CHAIRMAN. Then you charge him?

Mr. McCARDY. Then we charge him; yes.

The CHAIRMAN. Then, as a matter of fact, you do get information from the manufacturing point that such and such stamps have been furnished to the different postmasters?

Mr. McCARDY. Have been sent to him. We have no receipt from him, however, that he received those goods.

The CHAIRMAN. Then when you ordered that individual postmaster's account you charge him with those stamps?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. And stamped paper?

Mr. McCARDY. Yes; but we haven't any acknowledgment from him that he received those goods—those supplies—until his quarterly report comes in.

Mr. STAFFORD. But if there was any attempt made through collusion by the clerk at the point of the manufacture with any other individual connected with the Department it would sooner or later be discovered, because the postmaster is charged with the full amount of the respective order?

Mr. McCARDY. He would say he did not get the goods.

Mr. STAFFORD. And therefore there is no need of a system which might be elaborated upon whereby an order would be dispatched to these respective manufacturers to have that order in triplicate, and you furnished with one, and then have the local postmaster who

receives them acknowledge to you direct whether it has been so furnished, because that is ultimately carried out by the postmaster acknowledging that he has received the cards when he acknowledges that he is indebted to that man.

Mr. McCARDY. Under the present system the simple receipt of the postmaster that he receives the stuff as soon as it arrives at his office. That would be an improvement that we would suggest, and the only one under the present system.

Mr. STAFFORD. But at present there is check which ultimately has effect.

Mr. McCARDY. It will work itself out.

Mr. HEDGE. Suppose there is collusion between postmasters; suppose a man at Bridgeport is dishonest, and suppose a man at Podunk is dishonest; what check would you have then?

Mr. McCARDY. We have not had exactly that kind of a case; we would have to tackle that when we got to it.

Mr. STAFFORD. Would not the postmaster at Podunk be chargeable with the value of these articles, so that there would not be any possibility of the Government losing anything?

Mr. HEDGE. Not if there was collusion.

Mr. McCARDY. He is charged with them when the order went to the office of the Third Assistant Postmaster-General.

Mr. STAFFORD. Isn't the postmaster's account audited from the amount of this order?

Mr. McCARDY. Certainly.

Mr. MURDOCK. Without any respect to the collusion whatever, is there, as a matter of fact, in the office a total showing the amount of goods received by the storekeeper and the amount of goods equally received by the postmaster?

Mr. McCARDY. There is; the Third Assistant keeps that.

The CHAIRMAN. Mr. McCarty, what is your practice in auditing the expenditures under the appropriation for the purchase of supplies in the Department? Where do you get your information as to the purchases and authority for the purchases, and who renders the bill to you which you finally allow?

Mr. McCARDY. The Postmaster-General makes an order. Primarily bids are received for the various supplies, contracts made, and when the contracts are made the Postmaster-General will issue an order that such things be purchased.

The CHAIRMAN. Is your office furnished with a copy of the contract?

Mr. McCARDY. Yes, sir; we are furnished with the copies of the contracts, and now in some cases we are furnished with the original bids where there are emergency cases, and the original contracts hereafter will be furnished our office. Now, the Postmaster-General makes an order that such thing shall be purchased, it is delivered, and the officer to whom it is delivered gives a receipt for it, and that receipt accompanies the expense bill or voucher in favor of the contractor. The bill is approved by the Assistant Postmaster-General, to whose department it is charged, and it is stated there to what appropriation it shall be charged. It is then certified to our office as being correct. We send it to the pay division if it is correct and the appropriation to which it is chargeable is correctly noted, and we charge it to that appropriation and a warrant is drawn for the payment.

The CHAIRMAN. Each of these several items to which I have referred through this entire inquiry relates to specific appropriations made each year. At the end of the respective years the unexpended balances revert to the Treasury.

Mr. McCARDY. Yes.

The CHAIRMAN. How do you close these accounts on your books at the end of the year? Do they practically show the amount of the appropriation which has been authorized?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. And then it is debited with the expenditures which have been made and found to have been properly chargeable?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. Then, at the end of the year do you close those accounts?

Mr. McCARDY. We certify the unexpended balances to the Treasury Department, particularly to the division of bookkeeping and warrants.

The CHAIRMAN. You certify to the Treasury Department the unexpended balances in each of these several items of the appropriation, and each item upon your records shows by the same amount, which in effect closes the account; is that correct?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. When an item of appropriation is exceeded by the expenditure, how do you close the account?

Mr. McCARDY. In that case we can not pay the bill; we simply report it as a deficiency.

The CHAIRMAN. Whenever you find from an examination of the accounts which are filed with you that they are proper and that the total will exceed the appropriation—

Mr. McCARDY. We stop payment.

The CHAIRMAN. But you make that entry upon your books, which would show a charge against the item more than the appropriation?

Mr. McCARDY. No; we do not do that.

Mr. KRAM. We enter a disallowance on the account itself.

The CHAIRMAN. Disallow it?

Mr. KRAM. Yes, sir.

The CHAIRMAN. Do you allow an amount up to the total of appropriations and disallow the remainder, or will you disallow the entire account, which, if allowed, would exceed the appropriation?

Mr. McCARDY. We would not defray the account. We would disallow it, for the reason that there was not money enough left to the credit of the appropriation to pay that particular bill.

The CHAIRMAN. I think during the last few years there has been a law prohibiting deficiencies in accounts.

Mr. McCARDY. Yes, sir; we do not have overdrawn accounts.

The CHAIRMAN. If the demand for postage stamps and stamped paper exhausted the appropriation, then there would be no way of your affording relief; you would simply be compelled to stop allowing the account?

Mr. McCARDY. Stop allowing.

Mr. SNAPP. What do you do with the disallowed accounts?

Mr. McCARDY. Hold them until the Treasury Department calls for the deficiencies, and then it is reported to Congress.

The CHAIRMAN. In view of what you state is your method of passing upon the accounts for stamps and stamped paper, do you regard your action as in fact the auditing of those expenditures?

Mr. McCARDY. Not to the fullest extent.

The CHAIRMAN. Nor is the same true in the way of auditing items for the supplies of the Department?

Mr. McCARDY. No, sir; not to the fullest extent.

The CHAIRMAN. Have you ever formulated any plan of your own looking to a better system of auditing any of these respective items which you say have not been fully audited—the railway mail pay and so forth?

Mr. McCARDY. That has been a subject of frequent discussion around our Department for the past two years, and I know that it was prior to my administration.

The CHAIRMAN. Have you ever formulated any plan?

Mr. McCARDY. Not definitely; no, sir.

The CHAIRMAN. Nor with respect to any of these items?

Mr. McCARDY. Yes, sir; we have taken it up and discussed it with the view of picking up information as to what was a better plan and a better service. We frequently run up against existing law that will have to be changed in order to accomplish the object.

Mr. STAFFORD. Have you made any suggestions looking to the improvement in the method of auditing these respective items?

Mr. McCARDY. We have not sent the result of our investigation, or brought the suggestions to anyone as yet. We have spent most of the time investigating the existing methods with a view of improvement. Business is growing very rapidly, and when you get into a business that amounts to over a thousand millions of dollars a year and increases at the rate of 6 per cent per annum it keeps us driving pretty rapidly to keep up with the current business.

Mr. STAFFORD. Have you any suggestions to make that look to the creation of a system of checking, a system of auditing accounts in the Railway Mail Service, the electric car pay, supplies, etc.?

Mr. McCARDY. Not that we have submitted at present. We are not through with the investigation of our present methods. We are giving it such time as we can steal away from other business that is pressing us.

Mr. STAFFORD. From the time that you have been unable, in view of the great pressure of other business, to give this subject consideration, when do you think you will be able to make any suggestions or come to any conclusion as to what is needed for the improvement in the auditing system in these respective items?

Mr. McCARDY. That is a matter that we would have to take up, and it is connected with the matter of the appointment of a commission of the best postal people in the various branches of our office to take the matters under consideration and report. Now on those lines we have at present a half dozen committees looking into matters in the auditing department as to the betterment of the service.

Mr. STAFFORD. Have you laid before any of those committees, or have any of those committees had under consideration the question of creating a system of auditing of those items with reference to railway-mail pay and the like?

Mr. McCARDY. No, sir.

Mr. STAFFORD. Do you contemplate laying such matters before the committees, or do you contemplate asking for the organization of any committees looking to that end?

Mr. McCARDY. I contemplate organizing a committee for just such purpose. We have other matters in the office more pressing at present and those are the lines we are pushing.

Mr. STAFFORD. How long do you think those present matters which you refer to will occupy before you are enabled to take up this question of auditing?

Mr. McCARDY. I could not say.

Mr. STAFFORD. You are not in a position to estimate at all as to the time?

Mr. McCARDY. No, sir.

Mr. STAFFORD. It might be a year or two years, or longer or shorter?

Mr. McCARDY. Possibly.

Mr. STAFFORD. It might be five years, do I understand you?

Mr. McCARDY. Well, you can fix the time; I can not.

Mr. STAFFORD. As I understand you, there is at present no system of auditing so far as the pay of transportation of mails on electric car lines and other matters is concerned in force?

Mr. McCARDY. No. Understand me, there are quite a number of matters in the Auditor's office that can be improved, and we have committees examining for the purpose of suggesting improvements. This matter of this large amount of money that is being paid to railroads annually, and in the manner that is not satisfactory to our office, has been the subject of consideration for several years past. As to a report on that matter I don't think that we can make it inside of a year, and I can not answer your question definitely.

Mr. STAFFORD. Who is the official that would be charged with creating a committee to investigate the subject of a new system of auditing for these respective items?

Mr. McCARDY. The Auditor.

Mr. STAFFORD. From what items in the bill are allowances for the pay of the dispatch of merchandise connected with the postal service in the form of freight made, freight and freight charges paid?

Mr. KRAM. I think there is an item there which reads: "For freight carriage on postal cards, postage stamps, envelopes, and so forth."

Mr. STAFFORD. Under the item as found on page 27. for inland transportation of railroad routes, a sum of not exceeding \$120,000 may be employed to pay freight on postal cards, stamped envelopes, and other supplies from the manufactory to the depositories, and so forth. Is there any other item than that from which payments for freight are made?

Mr. KRAM. We separate that item in two parts. We keep in one item freight on postal cards, and all the other expenditures are kept in what we call miscellaneous.

Mr. STAFFORD. Under the phraseology of the item just read, and referring particularly to the wording, "and other supplies from manufacturers and depositories to the post-office and depots of distribution," would that warrant the payment of freight, for the carriage by freight, of any of the supplies that are shipped to the respective post-offices in the country, such as furniture, blanks, blank books, printed matter, and stationery in general?

Mr. KRAM. I would answer that question yes.

Mr. STAFFORD. Then you consider that this phraseology is broad enough to make payments for freight of all supplies that might be needed in the postal service?

Mr. KRAM. Yes, sir.

Mr. STAFFORD. Has it been the practice to pay freight for the transportation of supplies out of this item other than the postal cards, stamped envelopes, and stamped paper?

Mr. KRAM. I think it has not. I think the expenditure has been confined to the items you have just read.

Mr. STAFFORD. Can you furnish the amount of this \$120,000 that has been appropriated for the present fiscal year to be used for freight charges and how much has been expended for like purposes in prior fiscal years?

Mr. KRAM. Yes, sir.

Mr. McCARDY. How far back?

Mr. STAFFORD. Two or three years back.

Mr. McCARDY. Oh, yes; we can do that.

Mr. STAFFORD. And at the same time will you embody in that statement, if it is within your power, for what articles those freight charges were made?

Mr. KRAM. We can do that.

Mr. STAFFORD. Not minutely, but so as to show whether they were limited to the carriage of postal cards, stamped envelopes, and stamped paper, or whether it has been used for the carriage of supplies in general.

Mr. MURDOCK. On whose order is the Treasury grant made; who makes the order?

Mr. McCARDY. What do you mean by that?

Mr. MURDOCK. If you have your report there, take Table No. 7, a table that has been carried since 1837 and has been recently changed. Within the last two years this table has been changed; it used to consist of three columns, revenue, Treasury grants, and expenditures. To the third table has been added, under the general heading of receipts, a column, namely, a total. The Treasury grants were formerly supposed to be the deficit, but it never was the deficit, as I understand it, and you could not figure it out in that way.

What I wanted to ask you is this: In the last figures of that table the revenue is \$152,000,000. The Treasury grant is \$14,000,000, and the total receipts, including the revenues and the Treasury grant, is \$167,758,000, about. Now, your total expenditure is \$167,399,000; the expenditures are less than your total receipts by \$359,000. I want to ask now why there should be a difference between the total receipts and total expenditures, favoring the total expenditures, when you have a deficit?

Mr. McCARDY. There are always some bills left over from prior years in which there is money to pay, and they have not come in, and that goes in the expenditure. These expenditures here are for the current year.

Mr. MURDOCK. And there are bills remaining unpaid back in 1904, 1903, and 1902?

Mr. McCARDY. They have to come in within two years; after that they will have to be specifically appropriated for to meet them.

Mr. MURDOCK. How do you determine the amount of the Treasury grant asked for, and how do you determine the amount of the deficit? At the end of the fiscal year 1905, according to this, you had on hand more receipts than expenditures, including \$359,000. How do you arrive at that amount?

Mr. McCARDY. There is no special appropriation set aside for the management of this department. All the money is turned into the Treasury Department, and they draw on the Treasury Department for pay, and if there is not enough of income they are short that much and the Treasury makes up the deficit.

Mr. MURDOCK. You simply keep on drawing?

Mr. McCARDY. Yes, sir.

Mr. MURDOCK. Still I am in the dark as to how you have \$359,000 in excess.

Mr. FINLEY. Wouldn't those Treasury grants include moneys that were brought in, say, to the present year, in order to defray some account or bills in the past?

Mr. McCARDY. Bills must be paid; the appropriations lapse after two years.

Mr. FINLEY. I understand that. On an account for last year which was not presented, would not you receive what is called here a Treasury grant during the present fiscal year when it came in?

Mr. McCARDY. Yes, sir. I can furnish you in the morning an exact statement of this.

Mr. MURDOCK. I don't care anything about that.

The CHAIRMAN. On page 27 of the Auditor's report there appears a detailed explanation of that, which shows the items making up the \$167,000,000, showing that the expenditures for the service for that year, 1905, were \$167,000,000 and over.

Mr. MURDOCK. They were that in fact.

The CHAIRMAN. Yes; and for 1904 so much, 1903, and 1902, making a total expenditure of \$167,000,000 and over, which would have made the deficit—subtracting from that sum the total receipts for the year, about \$153,000,000—\$14,579,000. But to that sum we added \$21,802.93 on account of loss by burglary, fire, bad debts, and so forth, which increased the amount to \$14,594,387, showing that there are various items carried in the total expenditure, which items ought really to be distributed through a number of preceding years. To complete that explanation, the Treasury grants for the fiscal year 1904 were \$12,000,000; 1903, \$2,800,000; 1902, \$75,000; 1905 it was \$6,688.45, which makes the total amount \$14,931,688.45, and that the repayment to the General Treasury, the excess of grants over actual deficiencies, was in 1901 \$175,000, and on account of 1900 \$16,431.45.

Mr. MURDOCK. I didn't understand that excessive grants were turned back into the Treasury. I understood that a Treasury grant was requested after an expense had been incurred. It seems there is money taken out of the Treasury which is afterward turned back, but is not taken out for expenses incurred. Is that true?

Mr. KRAM. It is available.

Mr. GARDNER. Expenses incurred in that fiscal year.

The CHAIRMAN. As a matter of fact it is authorized, but not drawn out.

Mr. FINLEY. In pursuing the line of inquiries followed by Mr. Stafford with reference to the item for freight, on page 27, this appropriation of \$120,000 to pay freight on postal cards, stamped envelopes, and stamped paper, mail equipment, and other supplies. Of course we understand what postal cards, stamped envelopes, and stamped paper are; but I want to ask you what constitutes mail equipment for which freight is paid out of this appropriation—what goes to make that up?

Mr. McCARDY. We will give you that information as to the amounts.

Mr. FINLEY. Would either of those items, mail equipment and other supplies, include furniture for second-class post-offices?

Mr. McCARDY. I think it would.

Mr. FINLEY. Would it include an iron safe?

Mr. McCARDY. Yes, sir; that is a part of the furniture—a very necessary part.

Mr. FINLEY. Would it include all such items for first-class post-offices?

Mr. McCARDY. I think so.

Mr. FINLEY. I wish you would give us a full statement of what makes up those two items, and for which freight was paid, and the amounts?

Mr. McCARDY. I will do so.

Mr. STAFFORD. Has that item ever been construed by the local officers of the Department, or the Comptroller as to what expenditures could be made for freight out of that sum?

Mr. KRAM. I think that question has never been up.

Mr. STAFFORD. To my mind the phraseology renders it a matter of doubt whether mail equipment and other supplies would not be limited to those depositories and manufactories making postal cards, stamped envelopes, and stamped paper.

Mr. FINLEY. To shipments from those points?

Mr. STAFFORD. From only those points, and not supplies in general.

Mr. FINLEY. Is that true? Do you pay freight on mail equipment and other supplies from any points other than from manufactories and depositories?

Mr. McCARDY. On that I should say we only pay the freight from the point where the goods are purchased to where they should be delivered, and not have a double transportation.

Mr. FINLEY. Would you ever ship from one post-office to another and pay freight?

Mr. McCARDY. I don't think we have had such a shipment; I don't recall any.

Mr. FINLEY. Will you put in your statement as to what points the shipments by freight are from and to?

Mr. McCARDY. Yes, sir.

I would like to offer a suggestion, if the committee will come back to the never-ending question of weighing the mails. You were speaking about our auditing the accounts, and what the auditing amounted to. It has been thought for some time past that, inasmuch as the railway company has a representative there, and on the train at the time the mail is weighed, alongside of the Post-Office Department's weighing agents, we thought that if the auditing department had a representative there we would know more about it than we do to-day.

The CHAIRMAN. What would be the difference in point of Government administration, whether the representative of the Government were from the Auditor's office or from the office of the Second Assistant Postmaster-General?

Mr. McCARDY. Well, we do not doubt and discredit anything that anybody says in that direction, but the information we get is second-hand.

The CHAIRMAN. Well, it is the Government representative. Could the Auditor furnish any better man to weigh the mails than the Second Assistant's office could furnish?

Mr. McCARDY. I think it would prevent possible collusion, and there would be three instead of two.

The CHAIRMAN. There might be collusion between the Auditor's department and the railroad.

Mr. McCARDY. That is so, there might be, but it is harder to get three into a game than two. The weighing clerks are temporary employees.

Mr. SNAPP. As I understand it, the regular postal clerks on the train certify also to the weights, besides the Government man, who actually takes the weighing.

Mr. STAFFORD. As I understand it, considerable of the weighing is done by men who have no connection with the Government, except that they are temporarily employed for that service, and have no obligation whatsoever except for the time being.

Mr. SNAPP. The weights are certified by the postal clerks?

Mr. STAFFORD. They are not postal clerks, they are simply substitutes—men taken in, not even from the classified service, but taken haphazard—temporary employees.

Mr. McCARDY. I know of one case where there was a man weighing for the Government and he was not competent. The man that I refer to was simply a temporary man.

The CHAIRMAN. How would an appointee of the Auditor be any safer guaranty? You say that you know of one man who was incompetent. Are not the same possibilities of making a mistake in appointees probable under the Auditor as under the Second Assistant?

Mr. McCARDY. That is just possible; I will admit that.

The CHAIRMAN. Then would that system be any better system?

Mr. McCARDY. It would have the effect of three doing the work instead of two. The railroad man's business is to see that the weight is made as much as possible.

The CHAIRMAN. Do you mean the railroads appoint just as many men to take part at the weighing period as the Government does?

Mr. McCARDY. The railroads are looking out for their part.

The CHAIRMAN. I mean are there just as many representatives of the railroads on the train taking part in the weighing as there are representatives of the Government which are called the mail weighers?

Mr. McCARDY. I have no personal knowledge yes or no, but my belief is that the railroads have such a representative.

The CHAIRMAN. I think you are mistaken about that, Mr. McCurdy. The railroads unquestionably have individuals who look to the interest of the road generally in the weighing period, but I don't understand that they have any right to put into the mail cars railway officials of equal number to the clerks who are actually weighing the mails.

Mr. McCARDY. I say I have no personal knowledge.

The CHAIRMAN. Would it be your thought and your recommendation that the auditing department should have as many representatives in the weighing of the mails as there are mail weighers for the Government?

Mr. McCARDY. Yes, sir.

The CHAIRMAN. That would then duplicate the expense to the Government?

Mr. McCARDY. Yes, sir; it would exactly.

The CHAIRMAN. Wouldn't it be better and simpler to let the auditing department superintend the weighing of the mails, and separate that part of the work from the Second Assistant's office, without duplicating the actual weighing?

Mr. McCARDY. Having a double check there, it would certainly tie the matter down so that we would be better satisfied that the weights are correct.

Mr. HEDGE. Do you know the actual method of weighing the mails?

Mr. McCARDY. Of my own knowledge, no; I have never been on a car when it was done.

Mr. GARDNER. I want to make a statement right there, to enter a protest against what crawls in the proceedings of every committee that I happen to be connected with, as well as on the floor, of casting aspersions or doubt or shadow over every man who happens to be connected with Government functions who does not belong to the classified service. I think the members of this committee on more than one occasion during these hearings have thrown doubt upon the integrity of the men, and the enforced suggestion is that they are not members of the classified service. I have nominated some of these men who weigh mails, and whatever may be true in some districts, or whatever may be the notion in the Department, the integrity of American citizenship does not depend upon baptism by the high priest of the civil service.

Mr. SNAPP. My understanding has been that no employee is on the train during this weighing season, and that the weighing is done entirely by employees of the Government. Now, inasmuch as it seems to have been suggested here this afternoon that the employees of the railways might be on the trains checking the weighing, I suggest the advisability either of calling for the Second Assistant Postmaster-General, or obtaining from him in writing, a statement as to whether that is true or not.

Mr. STAFFORD. Inasmuch as it has been stated here this afternoon that the railroads have representatives at the stations who look to their interests in computing weights during the weighing period, I would like to have the same information sought for by Mr. Snapp covering and extended to what the railroads have as representative either at their at the stations or on the railway cars during the weighing period to ascertain the amount of mail carried.

Mr. FINLEY. And to what extent do they assist in weighing the mails, if at all?

Mr. MURDOCK. And does one duplicate the other.

Adjourned at 4.30 p. m.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Washington, February 10, 1906.

HON. W. S. SHALLENBERGER,
Second Assistant Postmaster-General, Washington, D. C.

MY DEAR GENERAL: Will you please advise me to what extent, if any, the representatives of railway companies are privileged to take part in or supervise in any way the weighing of the mails in cases where the weight is being taken as a basis for the amount of pay for the service of carrying the mails for the Government?

Very respectfully,

JESSE OVERSTREET, *Chairman.*

POST-OFFICE DEPARTMENT,
SECOND ASSISTANT POSTMASTER-GENERAL,
Washington, February 12, 1906.

HON. JESSE OVERSTREET,
*Chairman Committee on the Post-Office and Post-Roads,
House of Representatives.*

MY DEAR SIR: I received this morning your letter of the 10th instant, asking to be advised as "to what extent, if any, the representatives of railroad companies are privileged to take part in or supervise in any way the weighing of the mails in cases where the weight is being taken as a basis for the amount of pay for the service of carrying the mails for the Government."

In reply I have to say that no employee of a railroad company is permitted to enter a railway postal car to supervise the weighing or to in any way assist or have anything to do with the weighing of mails on the railroads. Section 1449, Postal Laws and Regulations, announces that railroad post-offices are private and that only those persons who are specially authorized shall be permitted to enter the same. Railroad companies that have asked during recent years for permission to place their representative in the railway post-office cars at the time of the weighing of mails thereon have uniformly been advised that such requests could not be complied with.

The statute (section 1164, P. L. and R.) directs the Postmaster-General "to have the mails weighed * * * by the employees of the Post-Office Department and to have the weights stated and verified to him by said employees under such instructions as he may consider just to the Post-Office Department and the railroad employees." To this end the mail weighers are carefully selected, and are given explicit printed instructions for their guidance, in which they are advised, among other things, that the weighing of the mails and the necessary handling of the same comprise their whole duty, and the importance of giving that work their entire attention while in the service is impressed upon them. These instructions also provide that "during this weighing no postal clerk, mail weigher, transfer clerk, or postmaster will either give or take a weight ticket from any railroad employee under any circumstances."

The work of the mail weighers is under the immediate supervision of the head clerk in the railway postal car, and is also given supervision by the chief clerks in charge of the lines, and by the division superintendents. In addition to this there is a corps of assistant superintendents under the direction of this bureau who, whenever a weighing is to be held, are assigned to the territory covered by the weighing, with explicit instructions to travel over the lines which are being weighed, with a view to detecting and promptly reporting, not only to the division superintendent, but to the Department, any unusual or abnormal increase in mail matter, and to make investigation and report as to any conditions or circumstances that may indicate any possible irregularity in connection with the weighing or the carriage of the mails during the weighing.

Besides all this there is the regular force of post-office inspectors under the Chief inspector attached to the Postmaster-General's office, which inspectors are continually traveling over the railroad lines and are charged with the duty of exercising a general supervision of the service, to the end that the postal laws and regulations may be enforced and any abuses or irregularities corrected. The experience of the past years justifies the Department in believing that even the railroad companies are convinced that the weighings are conducted by the Postmaster-General in such manner as are "just to the Post-Office Department and the railroad companies."

Very respectfully,

W. S. SHALLENBERGER,
Second Assistant Postmaster-General.

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ABUSES OF THE FRANKING PRIVILEGE.

MARCH 15, 1906.—Ordered to be printed.

MR. SIBLEY, from the Committee on the Post-Office and Post-Roads,
submitted the following

REPORT.

[In compliance with H. Res. No. 120.]

On January 4, 1906, the House of Representatives adopted the following resolution:

Resolved, That the Committee on the Post-Office and Post-Roads be, and hereby is, instructed to investigate whether or not there are or have been abuses of the franking privilege by members of Congress or in the name of members of Congress.

At the time of the consideration of the resolution in the House, as appears from the record of January 4, 1906, at page 673 of the Congressional Record, what purported to be an editorial printed in the Washington Post was read and made a part of the record. This editorial was in the following language:

We quite agree that something ought to be done for the relief of the Post-Office Department. Its work is simply tremendous and, by an interesting coincidence, its usefulness is quite as great. There is no section of the governmental machinery more important or more accurately and satisfactorily conducted. But the burden put upon Mr. Cortelyou and his coadjutors can be materially lightened without impairing its efficiency. It is our opinion, indeed, that the people and the Government both would be better off if the franking privilege were abolished utterly.

That this privilege has been outrageously abused is a fact of universal knowledge. Congressmen load the postal cars with all sorts of freight—furniture, libraries, kitchen utensils, the family wash, pianos, poultry, barnyard animals, etc., without limit. They frank a cow, a washtub, or a churn as glibly as they do a letter or a speech that no one ever heard. They go further—they lend their franks in large, uncounted bunches to societies and propagandas that would flourish on the public Treasury as they already thrive upon the people's discontent. The whole system has been converted to the most abominable ends. It presents the perfected spectacle of graft. But its worst expression is to be found in the lumbering up of the mail cars, the preposterous demands upon the Department's resources of transportation, and the corresponding and concurrent crippling of the postal service in all its proper and legitimate activities.

We note the presentation of an alternative arrangement—an arrangement under the operation of which members of Congress will receive a direct allowance for the purpose of conducting their official correspondence without cost to themselves. The expedient is most commendable. We quite agree that members of Congress, who are

but ill-paid public servants, should be spared the constant drain upon their resources involved in postage and the like. They should at least be left entirely free of artificial taxes and protected in the complete enjoyment of what small emolument has been assigned them. But this franking concession, which has grown to the proportions of insolent and predaceous graft, this should be contracted within the limits of common decency and transformed into an explicit allowance, no matter how generous and liberal it may be.

We think there are very few Congressmen who would care to oppose this adjustment in full view of the public gaze. Why not try it, gentlemen?

Acting under the direction of the resolution, and presuming that the editorial above referred to was the basis for said resolution, the Committee on the Post-Office and Post-Roads communicated with the Postmaster-General requesting such information as he might be able to give the committee relative to the subject-matter of the resolution. The correspondence with the Postmaster-General in full is attached hereto and made a part of this report.

The committee also requested the managing editor of the Washington Post to inform the committee of the name of the writer of the editorial, and later had before it for examination Mr. John R. McLean, managing editor of the Washington Post, and Mr. Richard Weightman, an editorial writer on the Post. The examination in full of both of these witnesses is attached hereto and made a part of this report.

In his letter to the Committee the Postmaster-General said in reference to the subject-matter of the resolution:

I have the honor to inform you that there have been, from time to time, instances in which, as the law was construed by the Department, franks have been improperly used, but so far as known the irregularities have been corrected promptly when attention has been drawn to them. There is no penalty for violation of the franking privilege.

Franked matter is ordinarily under seal, and, therefore, is not subject to scrutiny. The recipient of the matter, judging for himself, often alleges abuse when such may not be the fact. No doubt this circumstance accounts in a measure for some of the criticism on the subject.

In the examination of both the managing editor of the Washington Post and Mr. Weightman, who admitted that he wrote the editorial in question, it appeared that neither one of these gentlemen had any information whatever of a single instance wherein any member of Congress had at any time violated the law relative to the franking privilege. It appears that Mr. Weightman had no idea that the statements which were contained in the editorial were based upon facts, but the editorial was written in a spirit of exaggeration. The managing editor of the paper stated that he directed the publication with that idea only, and with no thought of the statements made being accepted by the reading public as statements of facts.

The committee being unable to ascertain any tangible proof which it might use as a basis for further investigation, and believing that the editorial which prompted the resolution was not founded upon facts, as admitted by its writer and the managing editor of the paper, believes no further investigation under the terms of the House resolution is necessary.

While Mr. Weightman, who wrote the editorial, may have intended it as a semihumorous editorial written in an exaggerated style, and while Mr. McLean, the managing editor of the Post, may not have thought that the editorial would be accepted as a true statement of facts, the reading public which saw the editorial printed in the Wash-

ington Post, or as copied in numerous papers throughout the country, appears to have taken the editorial more seriously.

It is unfortunate that greater care is not exercised by public journals in presenting their criticism of public men so as to base such criticism upon fact instead of fancy.

In the editorial in question the charges definitely describe misuse of the mails, specifically enumerating articles transmitted under frank by Members, and that these abuses are so common as to be a matter of "universal knowledge," and indulged in to an extent by Members of Congress that "it presents the perfected spectacle of graft."

In a message from the President of the United States, delivered to Congress under date of March 7, 1906, he says: "Publicity can by itself often accomplish extraordinary results for good, and the courts of public judgment may secure such results where courts of law are powerless." The editor who wrote the article, and the managing editor who gave it his official sanction were before the Committee as witnesses, and both disclaim knowledge of any facts affording basis of justification for the publishing of the editorial.

The Washington Post has not been regarded as a sensational journal. Published at the seat of Government, it is recognized generally by the press of the country as a mirror fairly reflecting events transpiring in national life more minutely than is possible by papers otherwise located. By common consent its editorial page is acknowledged as exceptionally bright, crisp, and sparkling, and the publication, taken all together, an up-to-date journal. Its owner and managing editor is not a novice in journalism, but has successfully cultivated this field for many years, and in the domain of journalism, of business, of social and political life, has attained prominence.

Therefore if "the court of public judgment," to which the President refers, is to accomplish results for good "where courts of law are powerless," public judgment must be enlightened judgment, and must be formed upon correct and truthful presentation of facts. A misinformed and misdirected public judgment is responsible for the greatest tragedies marking human history. This article, reflecting upon the general integrity of Congress, has probably been copied in the newspapers of every Congressional district in the Federal Union, and must necessarily tend to a contempt for law; for if the public mind be imbued with the belief that those who make the laws are venal and their action "presents the perfected spectacle of graft," then the honest citizen may well doubt the permanence of free institutions or blessings to flow therefrom when the fountain sources are polluted and the peoples' interests so shamelessly betrayed by those empowered to stand as their representatives in public life.

There have been epochs in American journalism where the bias of partisan rancor was reflected in editorial utterances, but the editors of the past who have been illustrious in American journalism were conspicuous for their ability in the marshaling of facts, not in the manufacturing of facts.

Your committee believes and admits that all our official actions are proper subjects for criticism by the press, and that it is entitled to illuminate and enlarge upon our mistakes, but we most respectfully submit that the press which stands as the censor of official conduct and affords an opportunity for the formation of an enlightened public judgment to secure "results of good where courts of law are power

less," owe it not alone to the public, but to itself that when a general indictment is drawn, challenging the integrity of Congress, there should be a substantial basis of facts before Congress be arraigned at the bar of public opinion.

It appears by the testimony that after the publication of these charges and when Congress had ordered the Committee on the Post-Office and Post-Roads to make investigation and determine who, if any, of its membership was guilty of these offenses, a subsequent editorial appeared in the Washington Post stating that these charges were not to be taken seriously, but rather in the spirit of pleasantry and exaggerated humor, having for its object the abolishment of the franking privilege. It is known that the original charges have been widely copied, but it does not appear that the subsequent editorial explaining that the charges were to be taken in a humorous sense has been copied by the press. Therefore the injury lies in this, that throughout the country there has been instilled the impression that the franking privilege has been abused, and that Congress "presents the perfected spectacle of graft," because one of the foremost journals of the nation, in a spirit of pleasantry, has charged as a fact of "universal knowledge" that these abuses do exist.

The committee requests that it be discharged from further consideration of the subject.

[House Resolution No. 120, Fifty-ninth Congress, first session.]

Resolved, That the Committee on the Post-Office and Post-Roads be, and hereby is, instructed to investigate whether or not there are or have been abuses of the franking privilege by members of Congress or in the name of members of Congress.

JANUARY 9, 1906.

SIR: By direction of the Committee on the Post-Offices and Post-Roads of the House of Representatives, I inclose herewith copy of a resolution adopted by the House of Representatives on the 4th day of January, 1906, and referred for consideration to this committee, and request that you send to me for use of the committee, at as early a date as possible, any information which you may have relative to the use of the franking privilege by members of Congress in violation of law.

Very respectfully,

JESSE OVERSTREET, *Chairman*.

Hon. GEORGE B. CORTELYOU,
Postmaster-General, Washington, D. C.

JANUARY 11, 1906.

SIR: Supplementing my letter of yesterday to you in reference to House Resolution of January 4, 1906, I wish to say further that the committee has no intention at this time of considering the general subject of the franking privilege with reference to changes in existing law or existing practices under the law. We intend to confine the present inquiry directly to the resolution and do not desire any information except such as you may be able to give touching violations of the law by members of Congress in the use of the franking privilege.

Yours, respectfully,

JESSE OVERSTREET,
Chairman.

Hon. GEORGE B. CORTELYOU,
Postmaster-General, Washington, D. C.

POST-OFFICE DEPARTMENT,
OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., February 22, 1906.

MY DEAR SIR: Referring to your letters of the 9th and 11th ultimo, with the former of which was inclosed a copy of a resolution adopted by the House of Representatives on January 4, 1906, instructing your committee to investigate "whether or not there are or have been abuses of the franking privilege by members of Congress or in the names of members of Congress," I have the honor to inform you that there have been from time to time instances in which, as the law was construed by the Department, franks have been improperly used, but so far as known the irregularities have been corrected promptly when attention has been drawn to them. There is no penalty for violation of the franking privilege.

Franked matter is ordinarily under seal, and therefore, is not subject to scrutiny. The recipient of the matter, judging for himself, often alleges abuse when such may not be the fact. No doubt this circumstance accounts in a measure for some of the criticism on the subject.

While possibly not altogether germane to the resolution, as interpreted in your communications of the above dates, I feel that some attention should be given to the practice of permitting the use of franks by organizations in no way connected with any branch of the Government, and that it should be greatly restricted if not altogether prohibited.

Neither the resolution nor your inquiry calls for any further suggestions on this subject, but I deem it proper to invite attention to the recommendations contained in my annual report under the head of "Government free matter," which had in view a system of accounting whereby the Post-Office Department should receive credit for work performed for the other Departments and branches of the Government. It is the judgment of this Department that such a system would correct, in some degree, what may not improperly be regarded as abuses of both the penalty and franking privileges.

Very respectfully,

GEO. B. CORTELYOU,
Postmaster-General.

Hon. JESSE OVERSTREET,
Chairman Committee on the Post-Office and Post-Roads,
House of Representatives.

JANUARY 9, 1906.

SIR: I am directed by the Committee on the Post-Office and Post-Roads of the House of Representatives, to which committee has been referred for consideration a resolution, copy of which I herewith inclose, to request of you the name of the person who wrote the editorial appearing in a recent issue of your paper, copy of which, as appears in the Congressional Record of the day of January 4, I also inclose.

The committee desires the name of the writer for the purpose of requesting his appearance before the committee to testify relative to the statements made in that editorial.

Very respectfully,

JESSE OVERSTREET,
Chairman.

MANAGING EDITOR WASHINGTON POST,
Washington, D. C.

JANUARY 15, 1906.

SIR: I have had no reply to my letter to you under date of January 9, asking the name of the person who wrote a certain editorial in your paper.

Will you kindly advise me of the name of this gentleman in order that I may ask him to appear before the Committee on the Post-Office and Post-Roads to testify under the resolution, a copy of which I sent you in my other communication?

Very respectfully,

JESSE OVERSTREET, Chairman.

MANAGING EDITOR WASHINGTON POST,
Washington, D. C.

JANUARY 18, 1906.

Hon. JESSE OVERSTREET:

The name of the writer is Mr. Richard Weightman. If you will kindly let me know in advance of the time you will want to see him I will let him know and he will call.

Very truly,

J. R. McLEAN.

FEBRUARY 24, 1906.

MY DEAR SIR: Under instruction from the Committee on the Post-Office and Post-Roads of the House of Representatives, I request that you appear before that committee at 10.30 o'clock a. m. Tuesday, February 27, to be heard with respect to the resolution of the House under date of January 4, 1906, a copy of which I herewith inclose.

Very respectfully,

JESSE OVERSTREET,
Chairman.

Mr. RICHARD WEIGHTMAN,
Washington Post, Washington, D. C.

THE WASHINGTON POST,
Washington, D. C., February 26, 1906.

DEAR SIR: I am in receipt of your favor of the 24th instant, and in reply beg to say that I shall report at the place and time mentioned if the illness now visiting my family permits. As I know nothing personally about abuses of the franking privilege, and can say simply that and nothing more when I appear before the committee, it seems to me that I should not be required to leave a sick bed where I am needed at that particular hour merely to explain that I have nothing to say. Please believe that I have no desire to disoblige you or to exhibit anything but sincere respect for the committee. The fact is, however, that I am in some distress at home just now and, naturally, have no burning appetite for comedy.

Very respectfully,

RICHARD WEIGHTMAN.

Hon. JESSE OVERSTREET, *Chairman, etc.*

MARCH 6, 1906.

MY DEAR SIR: I am directed by the Committee on the Post-Office and Post-Roads to request your attendance at the room of the committee at the Capitol at 11 a. m. March 7, 1906.

The committee desires to interrogate you with reference to a resolution adopted by the House of Representatives on January 4, 1906, a copy of which resolution I herewith inclose, the basis for which resolution was an editorial appearing in the *Washington Post*, a copy of which editorial, as printed in the Congressional Record of the date of January 4, 1906, I also inclose.

Very respectfully,

JESSE OVERSTREET,
Chairman.

Mr. JOHN R. McLEAN,
Managing Editor the Washington Post,
Washington, D. C.

Hearing before the Committee on the Post-Office and Post-Roads of the House of Representatives on the resolution submitted by Mr. Sims in regard to alleged violations of the franking privilege. Tuesday, March 6, 1906.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Tuesday, March 6, 1906.

The committee met at 10.50 o'clock a. m., Hon. Jesse Overstreet in the chair.

The CHAIRMAN. I wish to lay before the committee a resolution, a copy of which you will find at your places, known as the Sims resolution, which is as follows:

"Resolved, That the Committee on the Post-Office and Post-Roads be, and hereby is, instructed to investigate whether or not there are or have been abuses of the franking privilege by members of Congress or in the name of members of Congress."

Mr. Richard Weightman is present, by request, to testify in reference to matters to which the committee directed me to inquire at the time he attends.

Mr. GRIGGS. I have never seen the editorial. I understand this hearing is based on an editorial in the Post.

The CHAIRMAN. Exactly so.

TESTIMONY OF RICHARD L. WEIGHTMAN.

The CHAIRMAN. Will you please state your name, residence, and occupation?

Mr. WEIGHTMAN. My name is Weightman, Richard; occupation, journalist, and my residence, Washington.

The CHAIRMAN. With which journal are you now associated?

Mr. WEIGHTMAN. The Washington Post.

The CHAIRMAN. How long have you been associated with it?

Mr. WEIGHTMAN. Well, with the exception of a slight absence of a few months, I have been there fourteen years.

The CHAIRMAN. I will ask you to examine the Congressional Record dated January 4, which is before you, at page 673, in small type, with the heading "Abolish the franking privilege." Have you read that since entering the room?

Mr. WEIGHTMAN. Yes, sir.

The CHAIRMAN. Did that appear in the Washington Post?

Mr. WEIGHTMAN. Oh, yes.

The CHAIRMAN. Will you tell the committee who wrote that?

Mr. WEIGHTMAN. I did.

The CHAIRMAN. Will you kindly inform the committee of any facts with reference to the violation of the franking privilege referred to in that editorial?

Mr. WEIGHTMAN. No, sir.

The CHAIRMAN. Had you any facts upon which to base that editorial?

Mr. WEIGHTMAN. Not to my personal knowledge; no, sir.

The CHAIRMAN. Then I understand that the editorial is not based upon facts at all?

Mr. WEIGHTMAN. Oh, yes; but not upon my personal experience of it.

The CHAIRMAN. What facts do you mean, then?

Mr. WEIGHTMAN. If you will permit me, I will explain it in my own way.

The CHAIRMAN. Very well.

Mr. WEIGHTMAN. In the first place an editorial writer does not go out and get his own facts; if he did he could not write editorials. His facts are brought to him by the managing editor or the proprietor and he is told to write so and so, and he does that. He takes it for granted that the facts are there. At any rate it is none of his business.

The CHAIRMAN. Were facts given to you by anybody?

Mr. WEIGHTMAN. This was really a copy of an article that Mr. Beriah Wilkins told me to write three or four years ago. It is practically the same old story.

The CHAIRMAN. What do you refer to as the same old story?

Mr. WEIGHTMAN. The general allegations here, which of course anyone can see are fantastic and exaggerated and intended to be; and as long as this article was given so much prominence I don't see why the one published the next day was not given the same prominence. That is your affair, though.

The CHAIRMAN. Then at the time you wrote this particular editorial, or any time immediately preceding it, you had no particular facts laid before you?

Mr. WEIGHTMAN. No; none except that I could write about so and so.

The CHAIRMAN. Who gave you those—

Mr. WEIGHTMAN. Originally, Mr. Wilkins.

The CHAIRMAN (continuing). Who gave you instructions to write this particular editorial?

Mr. WEIGHTMAN. Nobody. The subject came up and I went on the same facts, the same supposition or theory.

The CHAIRMAN. What do you mean by "the subject came up?"

Mr. WEIGHTMAN. There was something said about it in the papers; somebody made a speech about it.

The CHAIRMAN. Can you give this committee any information, direct or indirect, recent or remote, which would enable the committee to find any facts which you allege in this editorial?

Mr. WEIGHTMAN. Well, personally, I can not, but—

The CHAIRMAN. Do you know of anybody with whom you have talked personally whom you believe could give any such information?

Mr. WEIGHTMAN. Oh, yes.

The CHAIRMAN. Please give us their names.

Mr. WEIGHTMAN. Well, Mr. Bennett has been publishing articles in the Post. They are under his own signature.

The CHAIRMAN. About the violation of the franking privilege?

Mr. WEIGHTMAN. Yes.

The CHAIRMAN. Who is Mr Bennett?

Mr. WEIGHTMAN. Well, he is one of the writers on the Post.

The CHAIRMAN. And what was your purpose in writing that editorial?

Mr. WEIGHTMAN. Nothing at all, except to do my day's work. I had no personal object.

The CHAIRMAN. Is it part of your day's work to write that members of the Congress are violating the law when you have no facts on which to base the allegation?

Mr. WEIGHTMAN. Oh, well, you can not hold me responsible for what the Post writes.

The CHAIRMAN. Can not we hold you responsible for what you say?

Mr. WEIGHTMAN. No; it is not what I say.

The CHAIRMAN. Did you say this?

Mr. WEIGHTMAN. I am telling you that I wrote it, but, as a matter of fact, I can not say what I may be called upon to write for any newspaper unless I own it, and nobody can say in a well-organized newspaper except the owner and the responsible managing editor.

The CHAIRMAN. Did any managing editor tell you to write this particular editorial?

Mr. WEIGHTMAN. No; he doesn't always tell me. He told me years ago——

The CHAIRMAN. The paper has changed ownership since then?

Mr. WEIGHTMAN. Yes, sir.

The CHAIRMAN. Have you received any instructions from the present managing editor or proprietor of this paper to write such an editorial as this?

Mr. WEIGHTMAN. No, not at all. When I am left to my own devices I naturally pursue the same course that has been pursued, and advocate the same theories which have been advocated before. I hand in my editorials, and sometimes they are not published; sometimes they are amended.

The CHAIRMAN. You use this expression, after making reference to the abuse of the franking privilege: "That this privilege has been outrageously abused is a fact of universal knowledge?"

Mr. WEIGHTMAN. Yes.

The CHAIRMAN. And yet you state to the committee that you have absolutely no facts upon which to base it?

Mr. WEIGHTMAN. I say I have not personally.

The CHAIRMAN. Then, the statement I have just read is not true? Is this statement true, that this privilege has been outrageously abused is a fact of universal knowledge?

Mr. WEIGHTMAN. Well, I think it is; I don't know.

The CHAIRMAN. Upon what do you base your thought that it is true?

Mr. WEIGHTMAN. Simply because it has been a matter of common talk and newspaper publications for years.

The CHAIRMAN. You think that because it has been a matter of common talk and newspaper publication that it is true?

Mr. WEIGHTMAN. Not all of it, but I am here in Washington, and I——

The CHAIRMAN. What abuses of the franking privilege do you know of of your own personal knowledge?

Mr. WEIGHTMAN. I haven't seen any, certainly.

The CHAIRMAN. Do you know of any abuse?

Mr. WEIGHTMAN. On the strict line of evidence, no, I can not say that I do.

The CHAIRMAN. Then do you say that it was true when you wrote this language:

"That this privilege has been outrageously abused is a fact of universal knowledge?"

Mr. WEIGHTMAN. I put that in for the paper to print if they wanted to.

The CHAIRMAN. I am asking you that question.

Mr. WEIGHTMAN. You see I can not assume any responsibility for the publication.

The CHAIRMAN. I am not asking that; I am asking you if the statement which you made is true.

Mr. WEIGHTMAN. I thought it was true when I wrote it.

The CHAIRMAN. And yet you can not name a single fact?

Mr. WEIGHTMAN. No, sir; I have a little decision here——

The CHAIRMAN. You say here——

Mr. WEIGHTMAN. Here is a little decision of the Postmaster-General just rendered on one of those things about the Reverend Crafts, who has been using franks of members of Congress here in large quantities, and here is his decision, that it is

improper and unlawful. If you had asked me the day before yesterday about it, I would only have told you that I thought so, but here is the Postmaster-General's decision.

The CHAIRMAN. I will read again, Mr. Weightman, from your editorial:

"Congressmen load the cars with all sorts of freight—furniture, libraries, kitchen utensils, the family wash, pianos, poultry, barnyard animals, etc., without limit."

Do you know that of your own personal knowledge?

Mr. WEIGHTMAN. No, sir.

The CHAIRMAN. Is that statement true?

Mr. WEIGHTMAN. I think so, but I don't know it.

The CHAIRMAN. Why do you think so?

Mr. WEIGHTMAN. Because I have heard it.

The CHAIRMAN. Do you believe everything you hear?

Mr. WEIGHTMAN. No.

The CHAIRMAN. Is not that statement false as a matter of fact?

Mr. WEIGHTMAN. I don't think so. It may be exaggerated, as I explained the next day.

The CHAIRMAN. Do you believe that any member of Congress ever put a piano in the mail?

Mr. WEIGHTMAN. Well, I never heard that, no, but as I told you that is an extravagant statement.

The CHAIRMAN. I am asking you if you have ever heard of anybody putting a piano in the mail?

Mr. WEIGHTMAN. I never heard about a piano, but I have heard about sofas and furniture.

The CHAIRMAN. Did you ever hear of anybody putting a barnyard animal in the mails?

Mr. WEIGHTMAN. Not specifically.

The CHAIRMAN. Then is that statement true?

Mr. WEIGHTMAN. I don't know.

The CHAIRMAN (reading further from the editorial). "They frank a cow, a wash-tub, or a churn as glibly as they do a letter or the speech that no one ever heard." Do you know of any member of Congress that has ever franked a cow?

Mr. WEIGHTMAN. No, sir.

The CHAIRMAN. Was that statement true?

Mr. WEIGHTMAN. I don't know whether it was or not—perhaps not.

The CHAIRMAN. Was it not false?

Mr. WEIGHTMAN. I don't know.

The CHAIRMAN. Was there not more falsehood to it than there was truth?

Mr. WEIGHTMAN. Possibly; I don't know; I can not tell. As I don't know one thing I can not know the other very well. It all comes back to what I told you before, that the man who prints the article, publishes it, is the man to whom you should apply.

The CHAIRMAN. You say you have been connected with the Post, with a slight interval, for fourteen years?

Mr. WEIGHTMAN. Yes.

The CHAIRMAN. You know, in a general way, the character of the mails and the articles transmitted through the mails, do you?

Mr. WEIGHTMAN. Yes.

The CHAIRMAN. Have you ever believed that a cow was a mailable article?

Mr. WEIGHTMAN. I know of its being done in Wisconsin.

The CHAIRMAN. By mail?

Mr. WEIGHTMAN. Oh, yes.

The CHAIRMAN. Was it not by express?

Mr. WEIGHTMAN. Well, I don't know.

The CHAIRMAN. Do you mean to say that a cow was ever sent by mail in Wisconsin?

Mr. WEIGHTMAN. I understood it was franked.

The CHAIRMAN. Where did you understand it?

Mr. WEIGHTMAN. I understood—

Mr. GRIGGS. It was not a Congressman, was it?

Mr. WEIGHTMAN. No; this was a governor.

The CHAIRMAN. Does a governor have the franking privilege?

Mr. WEIGHTMAN. I don't know; everybody seems to have it. Mr. Crafts, over here, has it—this preacher.

The CHAIRMAN. He has not a frank.

Mr. WEIGHTMAN. He has evidently been using one.

The CHAIRMAN. That is a different proposition. I am asking you about your information on which you base this editorial.

Mr. WEIGHTMAN. I have already told you I haven't got any.

The CHAIRMAN. Did you have any when you wrote this article?

Mr. WEIGHTMAN. No more than I have told you.

The CHAIRMAN. No more than you have testified here in your answers?

Mr. WEIGHTMAN. No.

The CHAIRMAN. No information?

Mr. WEIGHTMAN. I hope you don't think I am concealing anything.

The CHAIRMAN. No. I am asking you if you have any more information than you have given us.

Mr. WEIGHTMAN. No.

Mr. SIBLEY. I hope Mr. Weightman does not think he is revealing very much.

Mr. WEIGHTMAN. I am telling you everything I know.

The CHAIRMAN. I am giving you credit for telling everything you know, but you have not displayed very much information about any facts upon which to base such an editorial.

Mr. WEIGHTMAN. I was frank about it in the first place.

The CHAIRMAN. As a matter of fact, you had not any facts of this character when you wrote it?

Mr. WEIGHTMAN. No, sir.

The CHAIRMAN. Then, what was your purpose in writing it?

Mr. WEIGHTMAN. I was doing my work on the paper. You don't seem to understand that I am not responsible for what the paper prints, and this was a subject that has been before the country for years. I can find you articles like that printed three or four years ago, when Mr. Wilkins was alive. He came to me and told me to do so and so, and I supposed he knew what he was doing, and he was responsible and not I. I took this same old subject; I saw some mention that somebody made of it in a speech. Reverend Crafts is getting active again, and I knew about—

Mr. HEDGE. You did not hear about this order you have referred to until yesterday, did you?

Mr. WEIGHTMAN. Oh, yes, and wrote about it. I didn't hear about the decision, no, until last Saturday, but the subject had been discussed in the newspapers and in the press generally.

Mr. HEDGE. You didn't have that in mind at the time you wrote this?

Mr. WEIGHTMAN. No.

Mr. HEDGE. You didn't refer to it?

Mr. WEIGHTMAN. No; not in there. The fact is that the writing of an editorial and the preparation of news articles are two very different things.

Mr. HEDGE. You say you got your information from Mr. Bennett?

Mr. WEIGHTMAN. Yes.

Mr. HEDGE. Does he bear the same relation to the Post that you do?

Mr. WEIGHTMAN. He writes news articles and signs his name. He gives his facts. He is in a very different position from me.

Mr. HEDGE. Was Mr. Bennett connected with the Post at the time this editorial was written?

Mr. WEIGHTMAN. Oh, yes.

Mr. HEDGE. Had he written any articles on this subject?

Mr. WEIGHTMAN. That I don't know. He writes editorials and news articles both.

Mr. HEDGE. When you say that this privilege has been outrageously abused and is a fact of universal knowledge, what do you mean by "universal knowledge?"

Mr. WEIGHTMAN. You see you are catechising me; you are asking me for definitions of words that I can not give.

Mr. HEDGE. We do not often have an opportunity of catechising so intelligent a witness. You state that this is a matter of universal knowledge.

Mr. WEIGHTMAN. I should have said, I suppose, that it is the universal belief and gossip.

Mr. HEDGE. You wish to correct that?

Mr. WEIGHTMAN. I can not correct it in the Post, but they do it frequently. It hurts my feelings, but they do it.

Mr. HEDGE. I am referring to the statement here. You are responsible for your statements made here.

Mr. WEIGHTMAN. Yes.

Mr. HEDGE. You made the statement that this was a matter of universal knowledge.

Mr. WEIGHTMAN. No; I said I should have said belief; that is what I say personally; I disclaim any responsibility.

Mr. HEDGE. You do not admit that there is any universal knowledge that you have not a share in, do you?

Mr. WEIGHTMAN. Oh, yes.

Mr. HEDGE. Universal knowledge?

Mr. WEIGHTMAN. Oh, a great deal.

Mr. GRIGGS. As I understand this examination, it is for the purpose of arriving at the names of any persons who may have been guilty of this charge in this editorial. Now, then, can you give to the committee the names of any persons who claim to know things charged in this editorial?

Mr. WEIGHTMAN. Well, Mr. Wilkins is dead, and the managing editor has gone to Chicago. He is the man that received the facts and gave us the subjects to write about. He is not here or I would refer you to him.

Mr. GRIGGS. You mean Mr. Bone, I suppose?

Mr. WEIGHTMAN. Yes; Mr. Scott Bone.

Mr. GRIGGS. Mr. Bone was not managing editor at the time you wrote this editorial?

Mr. WEIGHTMAN. No, but when I wrote the other, previously, Mr. Bone was managing editor. Mr. Bone has left the paper now.

Mr. GRIGGS. You insist, of course, that you are not responsible for anything the Post says—

Mr. WEIGHTMAN. Of course not.

Mr. GRIGGS. We understand that very well, but you understand that you are here in your personal capacity, do you not?

Mr. WEIGHTMAN. Yes, sir.

Mr. GRIGGS. Now, then, as to these charges in that editorial, which are directly made against members of Congress by name—

Mr. WEIGHTMAN. Not names.

Mr. GRIGGS. Yes; members of Congress.

Mr. WEIGHTMAN. Oh, that way.

Mr. GRIGGS. I possibly should say by title. You do not know of any person except Mr. Beriah Wilkins and Mr. Bone—I simply want to get at facts, that is all—

Mr. WEIGHTMAN. I understand, but you confuse the situation, I think. I am here as a witness in my personal capacity, but I did not write that editorial in my personal capacity.

Mr. GRIGGS. I understand that, but you must have had some knowledge in your personal capacity?

Mr. WEIGHTMAN. I had what I thought was knowledge, but it was not universal.

Mr. GRIGGS. Now, then, give us the basis of that knowledge?

Mr. WEIGHTMAN. Oh, well, in a newspaper office, Mr. Griggs, unless I give you the whole story of the construction of a newspaper office, I don't suppose I would make myself plain at all. We have three sets of people in there; one are the men who go out and get the facts, as they suppose, innocently suppose; the others are those employed to comment on them, and the other class is those who tell how to comment on the facts—those who dictate the policy of the paper. The individual writer hasn't anything to do with it. Sometimes he writes things he doesn't believe in.

Mr. GRIGGS. I understand; but the question before you and before the committee is whether you believe him—

Mr. WEIGHTMAN (interrupting). Oh, no, no; I think that was an extravagance, and so wrote the next day. Mr. McLean came to me. I think I get \$25 a week extra for embroidery.

Mr. GRIGGS. I think I understand.

The CHAIRMAN. You regarded this as embroidery, I understand.

Mr. WEIGHTMAN. It was embroidery of what I believed to be facts. It was put in a grotesque way, and I thought an extravagant way, and when it was taken seriously here I wrote another article.

Mr. GRIGGS. Then you can not give us facts to reach any persons that are guilty?

Mr. WEIGHTMAN. No.

Mr. SIMS. Inasmuch as I am the man who took seriously the statements which you say now are neither true nor serious, I would like to ask you a few questions.

Mr. WEIGHTMAN. Yes, sir.

Mr. SIMS. This editorial is headed "Abolish the franking privilege," is it not?

Mr. WEIGHTMAN. I think so.

Mr. SIMS. Did you write that?

Mr. WEIGHTMAN. Yes, sir.

Mr. SIMS. Your object in writing this article, then, was to secure the demand that you made, and that is to have the franking privilege abolished?

Mr. WEIGHTMAN. Not at all.

Mr. SIMS. Is not that the purport of the article from one end to the other to abolish the franking privilege and have a money allowance made in lieu of it—because on your allegation members of Congress abuse the franking privilege?

Mr. WEIGHTMAN. I deny that as my allegation at all; that is the Post.

Mr. SIMS. I say, is not that the object of the article, to furnish an argument, based upon alleged facts, for the abolition of the franking privilege; is not that the object?

Mr. WEIGHTMAN. I fancy that is one of the objects.

Mr. SIMS. You say you fancy. You certainly ought to be able to state what the object was, if the object is not expressed on the face of it.

Mr. WEIGHTMAN. It seems to me I have made it clear that I have no object in anything I write except to please my employer and carry out his policy.

Mr. SIMS. Now, I want to ask you if you as an editorial writer will write an article that you neither believe in nor indorse, simply because you are a salaried employee, an article touching the character of officials, high or low?

Mr. WEIGHTMAN. Is that in the form of an interrogatory?

Mr. SIMS. That is what it is.

Mr. WEIGHTMAN. I must say again, for about the tenth time, that I do not do these things in my personal capacity, and I am not going to be held responsible for them.

Mr. SIMS. But I ask you, as an editorial writer do you write an editorial alleging existence of facts which you yourself do not believe, simply because you are paid a salary?

Mr. WEIGHTMAN. I do not think I will allege anything seriously that I don't believe.

Mr. GRIGGS. I don't understand you.

Mr. WEIGHTMAN. I say I do not think I would allege anything seriously that I do not believe or that I violently disbelieve.

Mr. SIMS. Now, I want to ask you who gave you orders or directions, or whatever is your way of expressing it, to write upon this subject and to write this article?

Mr. WEIGHTMAN. Nobody.

Mr. SIMS. Was this article passed on by the managing editor, the responsible person in the Post, before it was printed?

Mr. WEIGHTMAN. Why, certainly. Nothing can go into the Post—

Mr. SIMS. Who is the responsible managing editor of the Post or responsible head?

Mr. WEIGHTMAN. Mr. McLean is the responsible managing editor of the Post.

Mr. SIMS. Did he pass on this?

Mr. WEIGHTMAN. I don't know whether he did or not. It was published by his authority.

Mr. SIMS. And you declare you have no responsibility whatever—

Mr. WEIGHTMAN. No personal responsibility.

Mr. SIMS. When you stated here—I want to quote the exact language, and therefore I will look for it—after stating these facts with reference to members of Congress, this article says, "It presents the perfected spectacle of graft."

Now, is not that a charge which is very serious and affecting the character and usefulness of any member of Congress who may be guilty?

Mr. WEIGHTMAN. Yes; I should think it would, if he was guilty.

Mr. SIMS. Would you make a charge of that kind simply by direction or orders of the managing editor?

Mr. WEIGHTMAN. Why, certainly, of course I would; or else resign.

Mr. GRIGGS. I understand by that that if the managing editor were to instruct you to write an article like that and you had no knowledge of the facts, that you simply use your knowledge of his knowledge of the facts, or your belief in his knowledge of the facts?

Mr. WEIGHTMAN. Yes.

Mr. GRIGGS. And you would furnish the embroidery?

Mr. WEIGHTMAN. The embroidery.

Mr. SIBLEY. Right in that connection, were you ever instructed to give a sort of "roast" to the Congressmen on the franking privilege?

Mr. WEIGHTMAN. What is that?

Mr. SIBLEY. Were you ever instructed to give a "roast" to the Congressmen on the franking privilege?

Mr. WEIGHTMAN. Oh, yes, originally. I had never heard of it until it first came out some years ago, just before Mr. Wilkins got so ill. He started that—

Mr. SIBLEY. But since Mr. Wilkins's death?

Mr. WEIGHTMAN. I didn't get any specific instructions about that thing; no.

Mr. SIBLEY. On that very line, I believe you stated that you wrote this identical article at the request of Mr. Beriah Wilkins—

Mr. WEIGHTMAN. Oh, no—

Mr. SIMS. Well, upon the orders of Mr. Wilkins?

Mr. WEIGHTMAN. I said practically the same article; I didn't say specifically the same article; I didn't say that was a copy, but the same tone.

Mr. SIMS. About six years ago?

- Mr. WEIGHTMAN. I think so.
- Mr. SIMS. And why was it not published?
- Mr. WEIGHTMAN. It was.
- Mr. SIMS. It was published in the Post?
- Mr. WEIGHTMAN. Yes; some things like that have been published in the Post for the last four or five years.
- Mr. SIMS. Can you bring that article and incorporate it as part of your statement?
- Mr. WEIGHTMAN. I don't think I can undertake to ransack the files of the Post. I have been trying to explain, and I think my statement ought to be taken—
- Mr. SIMS. Your explanation was, as I understood it, that you first wrote this character of an article—
- Mr. WEIGHTMAN. Many of them—
- Mr. SIMS. About six years ago, upon direction of Mr. Beriah Wilkins, who was then the managing editor of the Washington Post?
- Mr. WEIGHTMAN. Yes; his suggestion—
- Mr. SIMS. Then you say you wrote this, being substantially the same, and put it in the Post without any direction from anyone?
- Mr. WEIGHTMAN. Yes.
- Mr. SIMS. Then you are responsible for writing this particular article and putting it in the Post upon your own statement, without any direction from anyone?
- Mr. WEIGHTMAN. I don't think so. I handed it in to the managing editor and it was passed on there.
- Mr. SIMS. No one suggested it, though?
- Mr. WEIGHTMAN. No, not there—
- Mr. SIMS. Then you wrote this on your own suggestion?
- Mr. WEIGHTMAN. Yes.
- Mr. SIMS. Moved by your own reason for writing it?
- Mr. WEIGHTMAN. Moved by carrying on the policy of the paper; the same things have been in there before—
- Mr. SIMS. Is it the policy of the Post to make statements alleging them to be facts which are false and believed to be false as the basis of an editorial?
- Mr. WEIGHTMAN. As I do not conduct the Post and am not responsible for what appears in it I do not think I can answer that.
- Mr. SIMS. I am only asking you as to the facts, as you have referred to the policy of the Post.
- Mr. WEIGHTMAN. I knew about the policy because I had written on it before.
- Mr. SIMS. Was the policy of the Post with reference to the franking privilege of members of Congress to write editorials upon allegations which were not true, and known not to be true at the time?
- Mr. WEIGHTMAN. I don't know whether they were true or not.
- Mr. SIMS. My object in introducing this resolution was to get at the fact. If any members of Congress are guilty of abuses of the franking privilege, I think we ought to know it, and if anybody has been guilty of outrageously abusing the franking privilege I think that member ought to be expelled. You say that this privilege has been outrageously abused is a fact of universal knowledge. And yet you say you wrote this article without suggestion and without any knowledge of facts, and up to this time have no knowledge of any of these allegations which you have stated? That is all I wish to ask you.
- Mr. SIBLEY. I would like to ask Mr. Weightman this: By anyone has there ever been given you the name of any Congressman or Representative who has been guilty of abusing the franking privilege?
- Mr. WEIGHTMAN. I can not remember, but there was a story—they had a nickname of him, "Boots;" somebody here had a nickname here of "Boots," because in a mail package which went under a frank, and which was broken, a pair of boots came out.
- Mr. SIBLEY. Was that in recent years?
- Mr. WEIGHTMAN. No.
- Mr. SIBLEY. A great many years ago; I think it was way back before the present franking privilege was granted. I remember something about that. Do you know of any other case within recent time?
- Mr. WEIGHTMAN. No; I do not.
- Mr. SIBLEY. I wondered if this present agitation of the franking privilege grew out of the transmission through the mails of articles by the Reverend Doctor Crafts.
- Mr. WEIGHTMAN. It was apropos of that; I had that in mind when I wrote this article, but I didn't mention him, I think. But, as I have told you, I took all this back, so far as the serious statement is concerned, the next day.
- Mr. SIBLEY. The trouble is—
- Mr. WEIGHTMAN. Yes, I know—

Mr. SIBLEY (continuing). That other papers have published it because the Post presents things very spicily. You recognize that editorial has been copied very generally throughout the press of the country—

Mr. WEIGHTMAN. The Post is copied; yes.

Mr. SIBLEY (continuing). As tending to show the demoralization existing among members of Congress. You wrote this evidently in a semihumorous vein?

Mr. WEIGHTMAN. I think that is obvious.

Mr. SIBLEY. And then you made a denial—that is, in another editorial—saying that it was not altogether true; but the general public, who are interested in this, have not seen the denial.

Mr. WEIGHTMAN. It has the same prominence that this had. The only trouble is that you gave this prominence and did not give the other prominence. If you had, it would not have attracted so much attention.

Mr. SIBLEY. One thing more. I want to get this clear. So far as your personal knowledge extends, and so far as anybody has ever told you of any specific violation of the franking privilege by any member of Congress is concerned, the statements are incorrect, are they not?

Mr. WEIGHTMAN. For all I know they may be absolutely incorrect.

Mr. SIBLEY. They may be absolutely incorrect?

Mr. WEIGHTMAN. Yes; but for all I know they may be correct.

Mr. SIBLEY. So far as you know they may be false?

Mr. WEIGHTMAN. So far as I know they may be absolutely false—absolutely.

Mr. SIBLEY. That is all.

The CHAIRMAN. Just a question or two. Mr. John R. McLean is now managing editor of the Post?

Mr. WEIGHTMAN. Yes.

The CHAIRMAN. And he was the managing editor at the time of this editorial?

Mr. WEIGHTMAN. Yes.

The CHAIRMAN. Did Mr. McLean direct you to write this editorial?

Mr. WEIGHTMAN. No.

The CHAIRMAN. Do you know whether or not it was ever called to his attention personally—

Mr. WEIGHTMAN. Before, no.

The CHAIRMAN (continuing). Before it was printed?

Mr. WEIGHTMAN. No.

The CHAIRMAN. I say, before it was printed?

Mr. WEIGHTMAN. I don't know.

The CHAIRMAN. Personally by you?

Mr. WEIGHTMAN. No; but his local representatives must have seen it, because editorials are not put in any well-regulated paper without attention.

The CHAIRMAN. What I want to know is, did you personally confer with Mr. McLean before this was printed?

Mr. WEIGHTMAN. No, sir.

The CHAIRMAN. Did you confer with anyone?

Mr. WEIGHTMAN. No, sir.

Mr. STEENERSON. What did you do with your editorial after you wrote it?

Mr. WEIGHTMAN. There is a little wire basket that I put it in.

Mr. STEENERSON. Describe the process.

Mr. WEIGHTMAN. Everybody who writes editorials—I have worked on a lot of papers, in New Orleans and other cities—hands them to the representative of the manager, or the managing editor, or whatever he may be called; sometimes he is called the managing editor and sometimes the editor in chief, but he gives them to the head of the paper, whoever he may be, because there is always a head on the paper, for the reason that the paper can not have a policy unless somebody guides. As a writer I do not guide it, and have nothing to do with it; I put what I write in a little basket and that goes to the managing editor—

Mr. STEENERSON. Who is managing editor?

Mr. WEIGHTMAN. Mr. McLean is managing editor.

Mr. STEENERSON. So you suppose Mr. McLean did read it before it was printed?

Mr. WEIGHTMAN. I suppose he did.

The CHAIRMAN. Has any comment been made since this editorial was printed as to whether or not it was regarded by the management of the paper as serious or comic or otherwise?

Mr. WEIGHTMAN. As I told you the next day or two days afterwards—I don't recollect, but within a day or two—Mr. McLean spoke to me about it, and he said it was very much to his surprise. He said he was afraid it had given offense, so I had better write another article explaining that it was intended for an extravagance and

not for an explicit or organized statement of the facts, which I did; but unfortunately that did not seem to attract as much attention as this.

The CHAIRMAN. Then the second article you wrote, to which you refer, explaining that the first article was an exaggeration, you were directed to write by Mr. McLean?

Mr. WEIGHTMAN. He spoke to me about it, yes.

Mr. SIMS. Right there let me ask you this. This second article you refer to was not written until after the House had passed this resolution?

Mr. WEIGHTMAN. I think no.

Mr. SIMS. The article quoted had been written during the recess, in the recess before the time this resolution was introduced?

Mr. WEIGHTMAN. I don't know.

Mr. SIMS. Newspapers had copied this article all over the country before this resolution was introduced, had they not? And had you not seen them?

Mr. WEIGHTMAN. The exchanges don't pass through my hands, except a few southern papers that I look at.

Mr. SIMS. Then I suppose the impression you leave is that if Congress had not taken notice of this there would not have been any editorial coming out and explaining that the statements herein made were not true and were exaggerations?

Mr. WEIGHTMAN. I can not speak for myself, but I fancy that is the reason.

Mr. SIMS. In other words, this would have gone along and been published all over the United States—that members of Congress were violating the franking privilege—if Congress had not passed this resolution, so far as your paper is concerned?

Mr. WEIGHTMAN. Yes.

The CHAIRMAN. Are there any other questions to be asked of Mr. Weightman?

Mr. FINLEY. I want to ask you, Are you aware that the Third Assistant Postmaster-General in his report recommends the abolition of the franking and penalty privileges?

Mr. WEIGHTMAN. No, I am not.

Mr. FINLEY. That is for members of Congress and the Departments, on page 21 of his report?

Mr. WEIGHTMAN. When did that come out—before this editorial?

Mr. FINLEY. Yes.

Mr. WEIGHTMAN. Probably that is what I wrote about. I write so much—I write so many things—

Mr. GRIGGS. That was published before Congress met.

Mr. FINLEY. This is the report of the Third Assistant Postmaster-General for the year ended June 30, 1905. He says:

"The franking and penalty privileges are, by reason of their nature, subject to abuses, a precise and accurate description of which is not possible at the present time, but, in view of experience already had, I feel impelled to say that the interests of the Government and of this Department would be best subserved if those two privileges were abolished altogether."

Mr. WEIGHTMAN. I suppose somebody must have put that on my desk and that is what started me. I don't know; I can not—

Mr. FINLEY. I observe that the Third Assistant, in his report to Congress, suggests to Congress whether or not it is advisable to abolish the franking privilege, as I have just read.

Mr. WEIGHTMAN. I think it is very likely that that would inspire me to write this article. I can not remember; I had no idea of giving offense.

Mr. FINLEY. The Third Assistant says, further:

"I have the honor to suggest the consideration of the question of whether or not it is advisable to recommend to Congress the abolition of the franking and penalty privileges, or at least the latter, and the substitution therefor of a system of appropriations to supply the needs of members of Congress and the various Departments for postage expenses in the transaction of their official business."

I ask you this question because the matter was brought up here in the hearings and General Madden was examined along that line.

Mr. WEIGHTMAN. That is probably what inspired this—started me out.

Mr. SNAPP. I don't think that report was out when this editorial was written.

Mr. FINLEY. Yes, this is the report for last year.

The CHAIRMAN. At all events, there is nothing in this report or in any of the reports to the Post-Office Department which would indicate that members of Congress have been abusing the privilege.

Mr. FINLEY. No.

Mr. WEIGHTMAN. It refers there to the ease with which it can be abused; it does not say it has been done.

The CHAIRMAN. You know of no foundation in any report of the Post-Office Department of any abuse or suggestion of an abuse by members of Congress of the franking privilege, do you?

Mr. WEIGHTMAN. No; I don't know of any. This is the first thing I have seen, officially, the first thing.

Mr. SNAPP. That report could not have been out then, November 18?

Mr. FINLEY. Yes, it was out, because I received a copy.

Mr. GRIGGS. It was dated November 18.

Mr. FINLEY. They were sent before Congress convened?

Mr. GRIGGS. The report was dated November 18.

The CHAIRMAN. Are there any other questions by members of the committee?

Mr. WEIGHTMAN. I only say it is quite likely that somebody may have cut that out and put it on my desk. I constantly find things there for me to write about—memoranda or suggestions.

The CHAIRMAN. We will excuse you, Mr. Weightman, and we will excuse the reporter.

COMMITTEE ON THE POST-OFFICE AND POST-ROADS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 7, 1906.

The committee met this day at 10.30 o'clock a. m., Hon. JESSE OVERSTREET in the chair.

STATEMENT OF MR. JOHN B. McLEAN.

The CHAIRMAN. I believe, Mr. McLean, you are the managing editor of the Washington Post?

Mr. McLEAN. Yes, sir.

The CHAIRMAN. I will ask you to examine the Congressional Record of January 4 last, at page 673, which I hand you [submitting copy of Record], and the printing in small type particularly, which purports to be an editorial in your paper.

Mr. McLEAN. Yes, sir.

The CHAIRMAN. You were managing editor of the Post at the time of that publication?

Mr. McLEAN. Yes, sir.

The CHAIRMAN. Did you see that editorial before it was printed?

Mr. McLEAN. Yes.

The CHAIRMAN. It came to you in the ordinary process of your organization?

Mr. McLEAN. Yes.

The CHAIRMAN. And you passed upon it before printing?

Mr. McLEAN. Yes.

The CHAIRMAN. Will you be kind enough to explain to the committee if you are familiar with the facts as appear to have been stated in that editorial?

Mr. McLEAN. I know nothing of the facts.

The CHAIRMAN. When you passed upon the item for printing, did you pass it with the belief that those statements were facts?

Mr. McLEAN. No. I passed it as I would pass any general article, thinking that it meant more to be—it seemed to me an aggravated case of editorial; it was not meant to come right down to facts and to say, "These are facts," but it was a thing that had been told and talked about a little bit and commented upon by the newspapers. But as to being facts, or that the Post meant it to be that, or intended it to be accepted as that, there was nothing of it.

The CHAIRMAN. Then you merely intended to pass upon something that was current—something that—

Mr. McLEAN. Yes; there was no intent to injure at all.

Mr. HEDGE. Was it intended to affect public opinion, Mr. McLean?

Mr. McLEAN. No, sir. Sometimes we print an article to fill up with. [Laughter.] As I say, there was no intent to injure or damage anyone. It was a general article; and frequently you work up things, and one of the editors is asked to comment on it or criticize it or pass upon it, and sometimes things are accepted and you don't know the writer. He may be in your office, but you may not know him.

Mr. SNAPP. Did it not occur to you that such an article might reflect on members of Congress and injure them with their constituents?

Mr. McLEAN. No. This was meant to be general. It was not meant to reflect on any individual.

Mr. SNAPP. Does it not occur to you that exaggerated and untruthful statements of that kind against members of Congress do hurt them in the public mind?

Mr. McLEAN. No; it was not meant to be that. I thought the general reader would

accept that as a general article. There was no individual in mind and no particular case cited. It was only a general article.

Mr. SNAPP. How can you expect that the general reader shall discriminate as to the truth or falsity of statements of that kind when you don't do it?

Mr. McLEAN. Probably I have a wrong impression, but I do not know—

The CHAIRMAN. Do you know of your own knowledge of any instances of the violation or abuse of the franking privilege by any member of Congress?

Mr. McLEAN. Not one.

The CHAIRMAN. Are there any other questions, gentlemen? I think, then, Mr. McLean, that is all.

The following is the passage in the Congressional Record referred to above:

"ABOLISH THE FRANKING PRIVILEGE?"

"We quite agree that something ought to be done for the relief of the Post-Office Department. Its work is simply tremendous, and, by an interesting coincidence, its usefulness is quite as great. There is no section of the governmental machinery more important or more accurately and satisfactorily conducted. But the burden put upon Mr. Cortelyou and his coadjutors can be materially lightened without impairing its efficiency. It is our opinion, indeed, that the people and the Government both would be better off if the franking privilege were abolished utterly.

"That this privilege has been outrageously abused is a fact of universal knowledge. Congressmen load the postal cars with all sorts of freight—furniture, libraries, kitchen utensils, the family wash, pianos, poultry, barnyard animals, etc.—without limit. They frank a cow, a washtub, or a churn as glibly as they do a letter or the speech that no one ever heard. They go further—they lend their franks in large, uncounted bunches to societies and propagandas that would flourish on the public Treasury as they already thrive upon the people's discontent. The whole system has been converted to the most abominable ends. It presents the perfected spectacle of graft. But its worst expression is to be found in the lumbering up of the mail cars, the preposterous demands upon the Department's resources of transportation, and the corresponding and concurrent crippling of the postal service in all its proper and legitimate activities.

"We note the presentation of an alternative arrangement—an arrangement under the operation of which members of Congress will receive a direct allowance for the purpose of conducting their official correspondence without cost to themselves. The expedient is most commendable. We quite agree that members of Congress, who are but ill-paid public servants, should be spared the constant drain upon their resources involved in postage and the like. They should at least be left entirely free of artificial taxes and protected in the complete enjoyment of what small emolument has been assigned them. But this franking concession, which has grown to the proportions of insolent and predaceous graft, this should be contracted within the limits of common decency and transformed into an explicit allowance, no matter how generous and liberal it may be.

"We think there are very few Congressmen who would care to oppose this adjustment in full view of the public gaze. Why not try it, gentlemen?"

O





HEARING

ON

PROHIBITION IN THE PROPOSED

STATE OF OKLAHOMA

BEFORE

THE COMMITTEE ON THE TERRITORIES,

HOUSE OF REPRESENTATIVES.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1905.

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PROHIBITION IN THE PROPOSED STATE OF OKLAHOMA.

COMMITTEE ON THE TERRITORIES,
Wednesday, December 13, 1905.

The committee met at 3 o'clock p. m., Hon. Edward L. Hamilton in the chair.

The CHAIRMAN. How many gentlemen are there who desire to be heard this afternoon?

Mr. SWEET. Mr. Chairman, we have not been able to notify all the gentlemen who are in the city who desire to be heard upon this proposition. It will depend somewhat upon how much time we have. There are here this afternoon four or five gentlemen ready to be heard.

The CHAIRMAN. Kindly apportion the time, doing proper justice to yourselves, of course.

I desire in this connection to inquire, Mr. Jones, whether you have anyone here who desires to be heard?

Mr. JONES. I would state, Mr. Chairman and gentlemen of the committee, that last year when you had this bill up you gave us ninety days to discuss it, and in behalf of a large delegation here from Oklahoma and the Indian Territory we are willing absolutely to submit this case to the committee without argument. We are willing to leave it with this committee, and, whatever this committee does, we are willing to submit to your decision in the matter, but if the other side is not willing to do so, we reserve the right to present our side of the question at the proper time.

The CHAIRMAN. Have you anyone to present this afternoon?

Mr. JONES. Yes, sir; with the understanding that we would prefer that the other gentlemen should present their side of the case and then when they get through we will present our side. We will not take up much time. We trust that the entire argument may be closed this afternoon. I take it for granted with this committee that it is not a matter of sentiment, and I take it for granted that this committee knows all about the treaties. If they do not, they can find them. But I take it for granted that this committee knows more about them than we do or than we can tell the committee, and, as I say, we are perfectly willing to submit it to the court without further argument. We are perfectly willing to hear the other gentlemen—will be glad to hear them—and our side will take up very little of your time.

The CHAIRMAN. You may proceed, Mr. Dinwiddie.

STATEMENT OF REV. EDWIN C. DINWIDDIE, LEGISLATIVE SUPER-INTENDENT AMERICAN ANTI-SALOON LEAGUE, 30 AND 31 BLISS BUILDING, WASHINGTON, D. C.

Mr. DINWIDDIE. Mr. Chairman and gentlemen of the committee: I think I ought to say at the commencement that while the other side of this proposition say they had ninety days last year, I do not understand that they had any time here last year, because the bill was not before this committee, in one sense, last year. He certainly refers to two years ago, when the Hamilton bill was before this committee.

The question may arise in the minds of the members of the committee as to why the same opposition which now exists to the passage of the statehood bill without the provisions which we seek did not make itself manifest then, two years ago. That is explained in a few words. I stated it this morning in brief, that our people in the Indian Territory were relying upon the express stipulations of the Federal Government through the Dawes Commission, which negotiated the treaties with the Five Civilized Tribes, and which treaties were later incorporated into laws by Congress, believing that they would be religiously observed. They were not carried out, as we believe, in the provision in the bill which passed the House two years ago.

If you will permit me to do so, I would like to refer to the provision that was in the bill two years ago. I have not a copy of that bill; I tried to get it this afternoon, but was unsuccessful; but I think it has been reincorporated in your bill, H. R. 3186, of the present session. It was provided that "the sale, barter, or giving away of intoxicating liquors to Indians was forever prohibited." I stated last year, when the subject was before the Senate in considering H. R. 14749—and I ask the attention of the chairman particularly to this, on account of the fact that he asked me about it this morning—that if the Federal law forbidding the sale of intoxicating liquors to Indians was valid, this provision in the bill was absolutely unnecessary, as it forbids such sales everywhere throughout the national domain, and I stated that if that law was not upheld, then the incorporation in the irrevocable ordinance or in the constitution of the new State of a similar provision would be equally futile, as it would doubtless contravene the fourteenth amendment to the Federal Constitution. Fortunately there has come to clarify the atmosphere on this question the decision of the Supreme Court of the United States in a case that was pending when our measure was before the Senate last year, namely, the case of *Heff* against the State of Kansas, which is reported in *United States Reports*, volume 197, page 488. I will not take the time of the committee to read that case, but I will read a portion of the syllabus, which is the law of course:

The act of January 30, 1897 (29 Stat. L., 506), prohibiting sales of liquors to Indians, is a police regulation, and does not apply to an allottee Indian who has become a citizen under the act of February 8, 1887.

So that, under the decision of the Supreme Court of the United States, this provision of the Federal statute falls unless, according to a definite decision in the syllabus, the Indian and the State of which he is a citizen give their consent to the exercise of such jurisdiction by the Federal Government. And if this provision is placed

in the constitution or the irrevocable ordinance of the new State as now incorporated in H. R. 3186, now before your committee, it is scarcely questionable that it will fall whenever it is attacked by any person in interest as repugnant to the fourteenth amendment. However, we do not rest our case upon the ground that there must be a law prohibiting the sale of liquor to Indians. We rest our case upon the proposition that the United States, the people of the whole United States, are vitally interested in this matter, and that our national honor itself is involved; and here, I want to say parenthetically, is where the people who do not live in Oklahoma and the Indian Territory get into this proposition. I think I am perfectly right in saying that this proposition which we advance before the committee is a proposition that does not concern only the people of Oklahoma and the Indian Territory.

The Dawes Commission negotiated the various treaties with the Indians, which were later ratified by different acts of Congress, itself representing the whole people of the United States, and approved by the Executive; and it seems to me that there is a question of honor involved on the part of the people of every State in the Union. It does not concern simply the people who live in that Territory or those Territories; it is a matter of national honor as to whether treaty obligations of the Federal Government ought to be respected and lived up to, or whether they should simply be brushed aside and no attention paid to them simply because we have the legal power, though no moral right, to do so, or whether we shall in honor live up to what we solemnly agreed with these people to do.

In this connection permit me to read just a few lines from the report which the President submitted to Congress only about a year and a half ago from the Hon. Charles J. Bonaparte, who, with my friend Hon. Clinton Rogers Woodruff, of Philadelphia, was appointed a commissioner to investigate certain conditions and affairs in the Indian Territory, and who is now Secretary of the Navy. He said:

To appreciate this situation one must remember the obligations of the Government to the so-called "Five Civilized Tribes." These tribes consented to give up their habitations in other parts of the United States and remove to the Territory in return for certain solemn and explicit pledges made to them by the United States, embodied in treaties ratified with all needful constitutional formalities, and further evidenced by numerous official documents of the highest authority. The removal of these Indians to their new homes was desired and effected by our Government to serve grave ends of public policy, and their consent to it constituted an ample consideration for the promises made them in return. If these promises are not binding on the United States, then our Government and people can be bound by no treaty. If we do not scrupulously respect the rights flowing from these treaties, no one can reasonably place confidence in our national honor.

That does not come from me; that is the statement of one of the Cabinet officers in the United States to-day.

I want to say that I have the honor in this connection to represent to a very large extent the people over the whole country who take this view of the matter—that this is their concern; that they, through their Representatives in Congress, are bound by these treaty obligations, and that they have some rights in this matter, as well as the people who reside in the Territories. In this connection I want to read, Mr. Chairman, resolutions adopted by several very important

bodies, representing, as they do, large numbers of citizens who are themselves vitally, as they believe and as I believe, interested in this question.

In the first place, there was the Indian affairs conference, that body which meets annually through the courtesy of a well-known friend, Mr. Albert K. Smiley, who is a lifelong friend of the Indian, at Mohonk Lake, N. Y., and which has had a great deal to do with shaping the policy of the Federal Government in the handling of the difficult Indian problems of late years. The Lake Mohonk conference last year adopted resolutions strongly asking for the retention of prohibition in the Indian Territory, and this year, after the Senate, upon our request, passed, by a vote of 52 to 17, an amendment covering our present claim, which was satisfactory to our people. They said in the convention at Lake Mohonk on the 18th-20th of last October, as follows:

This conference expresses its hearty appreciation and approval of the very decided stand taken by the Senate of the United States at its last session in favor of the continued maintenance of prohibition in the State of which it was proposed to make Indian Territory a part, and urges that there shall be no receding from the position upon prohibition then taken by the Senate.

I hold in my hand also the resolution adopted by the National Grand Lodge of the Independent Order of Good Templars, representing almost every State in the Union:

Resolved. That the treaty obligations of the Federal Government to the Five Civilized Tribes with respect to prohibition in the Indian Territory should be religiously observed, and we cordially commend the United States Senate for the adoption, by a vote of over three to one, of a prohibition provision in the Indian Territory and Oklahoma statehood-enabling act in the last Congress in harmony with said treaties, and we urge the Fifty-ninth Congress to insist upon a similar effective prohibition clause to be incorporated in the constitution of any new State of which Indian Territory shall be the whole or a part.

I hold in my hand also copy of the resolution adopted at Indianapolis by the American Anti-Saloon League, and I may say here that I have the honor officially to represent this movement in this matter, as upon all legislative matters, at the national capital. Our work is now going forward in forty States and Territories of the Union and has a constituency of upward of eight or ten millions of people who feel themselves vitally concerned in the question now before this committee.

The CHAIRMAN. I suppose something in the nature of the Galinger-Stone amendment would be satisfactory to you?

Mr. DINWIDDIE. That is, of course, what we would like to have in the bill, with possibly two slight modifications. I think that the maximum penalty which was put in ought to be eliminated, leaving it to the judgment of the new State by their legislature or in their constitution, as the case may be, to fix that. I will digress, if you will allow me, and give you in a very succinct form the history of our amendment on this subject in the Senate last year.

The CHAIRMAN. Before you proceed, and in this connection, there is another question that I would like to ask you, and that is this, whether you have considered and would be able to present an argument as to whether a State might not change the temperance provision?

Mr. DINWIDDIE. Yes, sir; I am frank to say that I have given con-

sideration to that feature, and while I am not a constitutional lawyer, being a minister and therefore a layman from the standpoint of the law, as I said last year on the Senate side, I nevertheless believe positively that this State could, after it comes into the Federal Union, by amendment of its organic law by the method prescribed therein, alter or eliminate this provision which we desire to have inserted in the constitution. We believe that there is such a strong sentiment in the Indian Territory for this provision, and it is an increasing sentiment, that the moral effect will be such that the new State will retain the provision and effectively use it. As long as those Territories remain Territories the Federal Government can discharge its obligation absolutely, because it has exclusive jurisdiction over the Territories of the Union, but the moment the status of the Territories is changed and they become a State or States, as the case may be, we concede that what you suggest is a possibility. The State in its sovereign capacity can alter its organic law.

The CHAIRMAN. I only suggest those practical matters for your consideration.

Mr. DINWIDDIE. I so appreciate them. I may say that all of these matters were up last year when we were discussing this question on the other side. I think it can be done. I think probably it would not be done. At any rate, our people are willing to take their chances.

Mr. POWERS. Your idea is that the provision of the Constitution of the United States which says that when a State has been admitted it shall be the equal of every other State—that is substantially the language—applies to the status of the State after it has been admitted?

Mr. DINWIDDIE. Yes, sir; practically. Because, as I understand, the State of Oklahoma or any other State that may be admitted in this way will come in after passing the constitution and certifying it to the President, who will then be instructed or authorized by this act to admit the State.

Mr. POWERS. Take the Territories of Oklahoma and the Indian Territory, what is the general sentiment there as to prohibiting the manufacture and sale of intoxicating liquors?

Mr. DINWIDDIE. There are those here who can better answer that question.

Mr. POWERS. What is your view?

Mr. DINWIDDIE. I would prefer to have them speak, but I will say from my observation, from what has come to me, that I think there is a preponderance of sentiment in the Indian Territory favorable to the continuance of prohibition, which has existed for seventy-three years in that country. I want to call attention to the fact that we are not asking for a new order of things in the Indian Territory. The order for which we contend and for which we plead has existed in the Indian Territory for seventy-three years. I think there is a preponderance of sentiment among all classes in the Indian Territory, and I am frank to say, and I want to be entirely frank with the committee and public, that if the proposition was simply in regard to the Indian Territory, and we are not in this question of separate or joint statehood at all, I would not be before this committee pleading, because the Indian Territory would, in my judgment, be abundantly able to take care of itself.

Mr. POWERS. At the constitutional convention?

Mr. DINWIDDIE. Yes, sir. Just a word further. The bill which I understand is likely to be recommended by the committee and which was passed in the last Congress, so far as Oklahoma and the Indian Territory are concerned, is a bill that proposed to unite Oklahoma and the Indian Territory in one State. I have not examined the provisions of the bill this year, but the bill two years ago, as it passed the House, and, I think, passed the Senate last year, provided for a preponderance of representation in the constitutional convention and the general assembly from the Territory of Oklahoma, so that the Indian Territory, whose interests are vitally involved in this proposition, was absolutely outnumbered at the start.

The CHAIRMAN. It provided for a majority of one in the constitutional convention, but we are thinking very seriously of giving them an equal number in the constitutional convention this time.

Mr. DINWIDDIE. That is just one better than it was before.

The CHAIRMAN. That is certainly equal.

Mr. DINWIDDIE. But still it will not cover the case.

The CHAIRMAN. I only want you to understand the situation as you go along.

Mr. DINWIDDIE. I appreciate your doing so. But, as I said, I should not be here if the proposition was simply one affecting the Indian Territory. I do not mean by this to say that the obligation of the Federal Government would be any less, or that we should fail to insist upon its obligations being carried out; but we are firmly of the opinion that the people of Indian Territory, if they were to be admitted to statehood alone, would present a constitution with a strict prohibition provision incorporated therein, and, indeed, I understand that the constitution of the proposed State of Sequoyah does contain a strong prohibitory provision. This constitution was adopted by a vote of the people in Indian Territory by nearly 50,000 majority, 56,000 voting for the constitution containing this provision and only about 9,000 voting against it.

Mr. POWERS. Have you prepared your amendment to the bill?

Mr. DINWIDDIE. The Gallinger-Stone amendment with the elimination of the maximum penalty, and we are willing to concede another thing—the exception of the sale of intoxicating liquors for medicinal and mechanical purposes, if the amendment be carefully drawn. You know what that means, Governor Powers, because you have a provision of that kind in your own State and we have a similar provision in my State, and in many others of which I know. If the provision is carefully drawn we are ready to say that it is proper to except liquors for those legitimate purposes.

The CHAIRMAN. I think you had better superintend the drawing of that amendment.

Mr. DINWIDDIE. That would be very satisfactory to us.

Mr. POWERS. Permit me to say that your proposed change in the Gallinger amendment was one which commended itself to my judgment in the committee of conference.

Mr. DINWIDDIE. At the time?

Mr. POWERS. A year ago.

Now, another thing. Suppose you put this provision in the constitution—I have lived in a State where we have these provisions in the constitution, and yet for many years they did not enforce them

as they do now—suppose you put the provision in the constitution and the convention gets together and includes that in the constitution and then a legislature is elected. I will suppose that the sentiment of the people constituting that legislature is such that it does not pass acts prescribing penalties for enforcing prohibition. How far can you go?

Mr. DINWIDDIE. That leads me up to what I had intended to say in regard to the history of this proposed legislation. We suggested an amendment providing for Federal control of the subject-matter in the new State for a period of twenty-one years, covering the time and period during which the Indians would not be permitted to alienate their homesteads. You understand what I mean. I want to be frank with the committee and say that we found ourselves up against a practical proposition. We found that while there was a very large sentiment unqualifiedly in favor of guarding the interests of the Indians and their neighbors on this proposition, out in the Indian country they did not sufficiently approve it, and we, of course, ascertained this condition in ample time to make them willing to put it in any such shape that the Federal Government could go in and exercise Federal jurisdiction over this matter in a sovereign State after it came into the Union.

Mr. WEBB. Have you sought information as to whether or not it would be a violation of law and indictable to violate the constitution, if you should put this in the constitution, even though the legislature refused to enact the legislation?

Mr. DINWIDDIE. Senator Stone took the view that we would not be absolutely without redress even though they should not prescribe adequate penalties for violations. Senator Stone, of Missouri, believing firmly in the necessity for some safeguard of this kind, prepared an amendment to secure its execution, and penalties for the violation of the provisions of the constitution were prescribed in the Gallinger amendment as amended by Senator Stone; that covers them during the interregnum before the beginning of the State's jurisdiction. The Gallinger amendment was simply for Federal jurisdiction over a matter conceded to be in the hands of the State after it came into the Union, but what the Senate finally passed was an amendment which prescribed that prohibition should obtain in the new State for a period of twenty-one years and thereafter until the people of the said new State should otherwise decree, and it added the required penalties for violations of the law in case the legislature might be either dilatory in meeting or should fail to adopt proper penalties for violations, but eliminated the provision for the exercise of Federal jurisdiction in the new State.

Mr. WEBB. If the penalty is prescribed in the constitution for the violation of this prohibitory ordinance—set out in the constitution—do you not think it would be unnecessary to put in your twenty-one-year provision, and if you did, would you not be limiting the sovereignty of the State?

Mr. DINWIDDIE. Hardly, because you can not limit the sovereignty of the State. It amounts simply to this, to a contract between the Federal Government, which agrees to release its jurisdiction over the Territories to compose the proposed State, and the State, which asks for admission into the Union, and our people down there are willing to

trust to the honor of the people of that State. You could not limit the sovereignty or power of the new State if you chose. Possibly twenty-one years is a long time, but it seems to me that a period of ten years or twelve years or something like that ought to be reasonably considered as constituting to some degree the moral obligations on the part of the State in consideration for what the Federal Government does.

I will give you these resolutions. I think I have said that the Anti-Saloon League is represented in 40 States and Territories, a federation of the church and temperance people of the country, outside of party lines and outside of differences upon other questions. I need not say to the committee and, so far as that is concerned, to our friends who are here from Oklahoma and the Indian Territory that our organization has religiously held aloof from the question as to whether there shall be two States or whether there shall be one State created out of the two Territories—Oklahoma and the Indian Territory.

This is the resolution of the Anti-Saloon League of America:

Whereas, by common consent, the wisdom and propriety of the prohibition of the importation and sale of intoxicating liquors in the Indian Territory has been recognized for almost three-quarters of a century; and

Whereas the conditions which now exist and which will be intensified under statehood demand the continuance of this policy if the welfare of the Indians is to be conserved; and

Whereas we have had actual examples of the demoralizing and fatal consequences of liquor selling to and among the Indians since the Supreme Court's decision in the *Heff* case last spring:

Therefore we invite the attention of the President and Congress of the United States and of the Christian and moral public to the following considerations:

The Federal Government is under solemn treaty pledges to the Five Civilized Tribes of Indians to prevent the sale of intoxicating liquors within their territory. This was one of the specific conditions upon which these Indians agreed to discontinue their tribal governments and have their lands allotted in severalty. Failure to keep this agreement would be a violation of our national honor. The conscience of this Christian nation can not stand for bad faith.

The Federal Government can not in honor surrender its authority in Indian Territory unless its successor, the proposed State, whether it comprise Indian Territory, or Oklahoma and Indian Territory, shall be willing to assume this obligation to the Indians. While we remain absolutely neutral on the question of the kind of statehood per se, we nevertheless record a firm conviction that the people of Oklahoma, much as they are entitled to statehood for what they are and what they possess, are not warranted in asking statehood with Indian Territory at a disregard of our solemn treaty contracts with the Indian tribes. We therefore record our thanks to the honorable Senate of the United States for the passage of the Gallinger-Stone amendment to the statehood bill last winter, by a vote of more than three to one, and we do hereby memorialize the Congress to make adequate provision in the enabling act for the effective prohibition of the liquor traffic in whatever act may be passed giving statehood to Indian Territory, whether separately or jointly with Oklahoma, and that such prohibition be made to apply alike throughout the bounds of such State.

We heartily indorse the splendid utterances of President Roosevelt touching civic honor when he said: "No nation, no matter how glorious its history, can exist unless it practices"—practices, mind you, not merely preaches—"civic honesty, civic decency, civic righteousness. No nation can permanently prosper unless the Decalogue and the Golden Rule are its guides in public as in private life."

There was a resolution adopted by the Inter-Church Conference on Federation in New York on November 21, 1905, representing 18,000,000 communicant members of the Christian churches of this country and doubtless as many more adherents. This conference

probably spoke for thirty-five or thirty-six millions of our people. This is the only resolution that was adopted by that representative body pertaining to national legislation, although it was deluged with requests from various sources to do so.

Whereas the Indian Territory, either separately or in connection with Oklahoma, is likely soon to be erected into a State; and

Whereas during the seventy-three years that Indians have been the wards of the Federal Government that Government has protected them by a fixed prohibition of the traffic among them of intoxicating liquors; and

Whereas the Five Civilized Tribes agreed to the surrender of their tribal organizations and the allotment of their lands only after a pledge had been made to them by the United States that such prohibition should be continued, which agreement is still binding upon the American people: Therefore, be it

Resolved, That this interchurch conference on federation respectfully reminds the Congress of the United States of this obligation and insists that no State constitution covering the Indian Territory shall be accepted unless said constitution contains adequate provision for the prohibition of the liquor traffic within the proposed State.

Signed on behalf of the conference.

WILLIAM H. ROBERTS, *Chairman*.
FRANK MASON NORTH, *Secretary*.

I am also authorized to speak for the General Assembly of the Presbyterian Church in the United States, the General Assembly of the United Presbyterian Church of North America, and the General Synod of the Evangelical Lutheran Church in the United States of America upon this proposition, and in addition the great Methodist Church of this country has specifically and officially asked us to speak to you upon this question and to urge the continuance of effective prohibition in Indian Territory, in harmony with our treaty obligations.

By your courtesy, I shall reserve further remarks until I close the argument for the proponents of the prohibition amendment, just before the conclusion of these hearings, and will not take further time myself this afternoon.

STATEMENT OF MR. S. H. RUSSELL, ARDMORE, IND. T.

Mr. RUSSELL. Mr. Chairman and gentlemen of the committee, this matter has been a long time before Congress, and I know that you gentlemen are in possession of all the facts connected with the conditions in Oklahoma and the Indian Territory. It seems to us that the facts are all in. It seems to us that you have patiently listened to arguments. It seems to me that no one would be able to present arguments to change the judgment reached by the committee, and that it would be presumptuous on our part to interfere or want to change the opinion. All we ask is this—that you, as members of the American Congress, you as members of this committee, should take the initiative of introducing the bill. The argument is in. It looks to me like a case in which the evidence has been submitted and the judge has reached his opinion, and we should not interfere; and I think that if any interference is allowed at all it should be from those who are directly interested in this matter. It is like trying a law suit between A and B, and C seeks to intervene. He has no direct interest, and he has no right to intervene. I think that you should do those things for Oklahoma that you want to do for any free people.

On the subject of the amendment that is brought here by the friends of prohibition, personally I care nothing about it, but there are men in the Indian Territory who, while they might be in favor of the suppression of the liquor traffic, would resent any such enactment in an enabling act, because they are sovereign people. Every man who belongs to church would not be in favor of the prohibition clause, and every man who does not belong to church would not be opposed to it. They do not care anything about it. What they want is statehood. That is the proposition which we are interested in. Why, at the present time you can not build a road in the whole Territory except by private contribution—run your hand in your pocket and say how much you will give. I live in a town, and I give \$25 a year. How would you like to be there? Why, take the schools in the rural districts of the Indian Territory, and there are 100,000 children at the lowest estimate, and there is no way to educate them now except by the poor farmer and hard-working man saying, "I will pay \$3 a month to some teacher to come and teach my children." Such is the condition there. There are higher matters involved than this amendment, and that is the question of statehood.

With people who are now almost 1,750,000 strong, having the sufficient people, having the sufficient quality of population, having every qualification essential to good statehood, the question is, Shall they be longer kept out? That is the proposition. We want statehood. We are like the man who was thrown over into the great ocean and wanted water and who drank a little salt rather than to be without it.

Mr. DINWIDDIE. I ask that Mr. Sweet, who has been a resident of Indian Territory for some years and who represents the Indian Territory Church Federation for Prohibition Statehood, be now heard.

STATEMENT OF REV. E. M. SWEET, JR., SECRETARY INDIAN TERRITORY CHURCH FEDERATION FOR PROHIBITION STATEHOOD, MUSCOGEE, IND. T.

Mr. SWEET. There are two propositions primarily which I desire to present. I wish to show, first, just what was pledged on this subject, and then I desire to consider what will be the practical effect upon Indian Territory if you provide for the fulfillment of this pledge as we ask compared with the result if you do not.

We are not asking, Mr. Chairman, for anything but what has been deliberately promised by the Federal Government. Beyond a practical and effective fulfillment of these pledges we have nothing to urge. Now, without repeating what Mr. Dinwiddie has said relative to these pledges, I desire to quote from the agreements recently entered into between the Government and the Five Civilized Tribes. These were quoted by Senator Gallinger about a year ago. I read from a pamphlet copy of his discussion of the subject in the Senate on the 27th of last January.

The Dawes Commission, with which you are all familiar, was created by the National Congress and sent down to negotiate with the Indian tribes to ascertain upon what conditions they would be willing to surrender their tribal governments, permit their lands to be allotted, admit the white man to equal privileges of citizenship in

their country, and surrender themselves to a condition over which, in the nature of the case, they could not exercise control; in short, to become extinct. At that time it was clearly recognized that these tribes possessed rights which this Government, with all its great power, must consider and respect. Many difficulties were met with by the Dawes Commission, because these Indian people foresaw that very great danger to them and their posterity was impending. Many of them to this day have continued to protest against any sort of plans looking toward statehood at all; but finally, after months, and in some cases years of negotiation, a statement was reached setting forth on the one hand what the Indians surrendered and on the other hand those things which this Christian nation agreed to do in return.

The first agreement executed was what is known as the Atoka agreement, with the Choctaws and Chickasaws. Among other things it provided—and it was subsequently incorporated in the Curtis Act, was passed by the House and by the Senate, and then approved by the President, and became, through a more than ordinarily deliberate procedure, the law of the land—as follows (30 Stat., 509):

The United States agrees to maintain strict laws in the territory of the Choctaw and Chickasaw tribes against the introduction, sale, barter, or giving away of liquors and intoxicants of any kind or quality.

In the same act of Congress, the Curtis Act, which was approved June 28, 1898, was incorporated the agreement with the Creek tribe, containing the following language (30 Stat., 518):

The United States agrees to maintain strict laws in the territory of the said nation against the introduction, sale, barter, or giving away of liquors and intoxicants of any kind or quality.

And in the Seminole agreement, also ratified by Congress (30 Stat., 568), the same condition is given in language as follows:

The United States agrees to maintain strict laws in the Seminole country against the introduction, sale, barter, or giving away of intoxicants of any kind or quality.

Mr. POWERS. That applies to everybody; that is not limited to the Indians.

Mr. SWEET. "In the territory of the said nation" is the language of the agreement with the Muskogee, or Creek, tribe; "in the territory of the Choctaw and Chickasaw tribes" is the way the Atoka agreement reads, and in the Seminole agreement the words are, "in the Seminole country."

Mr. POWERS. That is general prohibition against selling to anybody. You live down there; do you know whether that is the way it is construed?

Mr. SWEET. Certainly. The treaties say nothing about laws against the sale of liquor to Indians, but promise to prohibit selling it to anyone in their territory. Even if a provision prohibiting the sale of liquor merely to Indians, as now proposed by the bill, could be made effective, still it would not fulfill the treaty stipulations. We recognized this last year, and we argued at that time as a practical proposition that the only way to prohibit the sale of liquor to Indians was to prohibit its sale in the Indians' country. This was the view taken by the Dawes Commission and doubtless by Congress in approving the agreements. And since the decision of the Supreme Court in the *Albert Heff* case, cited by my colleague, Mr. Dinwiddie,

it is now a clear proposition legally, as it has always been practically, the only way to keep liquor out of the Indian is to keep it out of the Indian's country.

Now, reverting to the agreements, in the case of the Cherokee tribe, while the latest agreement does not contain this provision so definitely stated as in the case of the other four tribes, yet the import and effect are practically the same, in that a section of a former treaty which contains the prohibition paragraph is specifically exempted from repeal.

Of course, if it were appropriate to go into the general merits of the prohibition question in this argument, we would call your attention to the fact that the sale of liquor to certain other classes of our people might be as detrimental as it would be to our Indian people; but the obligation of the Federal Government does not extend to these, except in this indirect way, that in prohibiting the sale of liquor in the Indian country, all who propose to live in that country will become the beneficiaries of the provision.

Mr. McKINNEY. Was there a limitation as to the time in the treaty agreement?

Mr. SWEET. There was not, and therefore it was understood to be in perpetuity. That point was raised when I was before the Senate committee a year ago, a member of that committee suggesting a construction which would limit the operation of the provision in question to the present period of Federal control—when a State should be created the obligation would cease. Now, the logic of the situation, to my mind, is clearly this, that this promise on the part of the Government had reference to what would follow upon the discontinuance of the present form of government. If this provision were intended to operate only so long as the Federal Government should continue to exercise control in Indian Territory as it does at the present time, then the provision is utterly without any meaning or force whatever, for the reason that there is already a Federal statute providing prohibition so long as the Federal Government is in charge. It was evidently intended, therefore, to be operative after the discontinuance of the present Federal control.

But in order to be absolutely clear upon this point, when it was raised last year I communicated with a number of the Indians who served as commissioners from their respective tribes to meet and confer with the Dawes Commission. I inquired of them how this provision was understood by the Indian commissioners at the time they signed the agreements—what interpretation was then put upon it, whether it was understood to cease after March 4, 1906, or how long it was to continue in force. I wish to read to you a letter upon this subject which I received from Mr. N. B. Ainsworth, whom I knew in this city for several years before I went to Indian Territory, he having been for some time a representative of the Choctaw Nation here in Washington, and was one of the commissioners of that tribe who signed the Atoka agreement. His letter reads as follows:

SOUTH McALESTER, IND. T., January 16, 1905.

E. M. SWEET, JR.,

Washington, D. C.

MY DEAR BROTHER: Replying to yours of January 5, 1905, I will say that it was my intention and desire when we made the Atoka agreement that the prohibition clause should remain in all succeeding legislation. You will notice

the word "territory" has a small "t," and hence means the lands of the Indians. Had the word commenced with a capital "T" it might have been construed to mean our "Indian Territory," as commonly used in treaties, bills, etc. At the time we made the treaty we expected to divide *all of our lands* (see first of the treaty), and had we adhered to this intention you can see that all our lands would still be the territory of the Choctaws and Chickasaws, though Congressional legislation might have blotted out the "Indian Territory."

In fact, we expected Congress to continue to "modify" our government until our lands or territory would become a part of a Territory or State. The Indian Commissioners knew this would finally come. I think Congress just as much bound to keep faith with us on this prohibition clause as on the clause to free certain lands from taxation and other privileges. The commissions who represented the Choctaws and Chickasaws would hardly have been persuaded into an agreement when we knew that our people were to be debauched at the end of March 4, 1906, by the open saloon. We knew then, as we know now, the weakness of our people for whisky, and we knew then, as we know now, that if whisky is free in this country when our tribal government ceases it would have been equal to our signing not only the disgrace, but an ignominious death warrant of many, many Indians.

I am clearly of the opinion that we would have perpetual prohibition in that form of government which should succeed our tribal government [and] was in the minds not only of the Indian Commissioners, but also of the United States Commissioners.

I appreciate what Congress is doing to keep the Indians out of the grip of the grafters, and I hope Senator Stewart's amendment will pass, but unless Congress keeps whisky out of this part of our country when it becomes a part of Oklahoma I do not think there is much hope for the average Indian, full blood or mixed.

I hope, therefore, you will succeed in getting prohibition for the Indians.

Your friend and brother,

N. B. AINSWORTH.

Governor Porter, chief of the Creek Nation, was in the city at that time, and I asked him to write me a statement of how he and his colleagues understood this provision. I wish to read you what he said in response:

NATIONAL HOTEL,
Washington, D. C., January 20, 1905.

Mr. E. M. SWEET, Jr.,
Washington, D. C.

DEAR SIR: In answer to your inquiry as to the meaning of section 43 of the agreement made between the Muskogee Indians and the Dawes Commission and afterwards ratified by Congress, and approved by the President March 1, 1901, according to the understanding of the Indian signers of such agreement at the time of signing. I desire to say that we understood that the United States Government obligated itself to continue the prohibition of the sale of intoxicating liquors, and we did not understand that this paragraph was to operate only until March 4, 1906, or that there was to be any limit to its operation. We would not have been willing to sign an agreement if we had understood that it would result in the open sale of liquor in our country.

Yours, truly,

P. PORTER,
Principal Chief Muskogee Nation.

And I want to say further that I have several times talked this matter over with Hon. A. S. McKennon, of South McAlester, Ind. T., who was a member of the Dawes Commission and signed these agreements in behalf of the United States. He informs me that this provision was discussed fully, especially in the case of the Atoka agreement (which was the first one negotiated), and that the commissioners representing the United States and those representing the Indian tribes both understood and intended that this prohibition should be perpetual.

This was the understanding by both parties to the agreements when they were signed; and, gentlemen, it seems to me that the only

way the Federal Government can dispose of this obligation is to fulfill it—do its utmost toward that end. As to Indian Territory, so far as there has been an opportunity to go on record on the subject, the preponderance of sentiment is in favor of the prohibition policy. It has been my lot within the last year to go more or less over the whole Territory, and I have talked with a great many people on this subject. One of our Muskogee bankers, for example, recently said to me that it was his opinion that 85 per cent of the people of Indian Territory were for prohibition.

Mr. LLOYD. Do you know anything about the sentiment in Oklahoma upon this subject?

Mr. SWEET. I am not so familiar with the sentiment in Oklahoma as is the Rev. J. J. Thomson, superintendent of the Oklahoma Anti-Saloon League, who is present and will speak to this point later.

Mr. LLOYD. I only intended to inquire whether you knew.

Mr. SWEET. I know that in some parts of Oklahoma there is a strong prohibition sentiment—much stronger than our friends the enemy are willing to admit.

Now, Mr. Chairman, I want to call attention to the fact that this question which we are discussing this afternoon has already gone through five distinct stages of deliberation on the part of the Federal Government, and at each stage was approved. First, by the Dawes Commission, as has already been stated. From there it went to the Secretary of the Interior, who gave the proposition his sanction and sent it to Congress. Then you gentlemen, first in the Curtis Act, deliberated upon this matter and said by your vote that it was right. I do not know whether every one of you did so, but a majority of the House—the bill was passed. It went then to the Senate and was likewise sanctioned by the vote of that body, thence to the President and was approved by him.

Now, after this promise of protection from the liquor traffic had been assumed these five successive times by duly empowered representatives of the United States, these Indians certainly were justified in the assurance that it would be kept in all good faith. I submit, gentlemen, that as the Government has thus deliberately obligated itself it is now entirely too late to raise the question of the propriety of the Government's doing so. The Indians know little about subtle questions of propriety as between Federal and State authorities. You gave them your word and they trusted it. If there was any question as to the right of the Federal Government to do this thing, certainly then was the time to raise it, not now. The Indians accepted the Government's promissory note; the time has now come for its payment; the question at issue is, Shall it be protested or redeemed? An honest nation's word is as good as its bonds. It is here that we rest our case.

Mr. WEBB. Would you want the twenty-one-year provision inserted?

Mr. SWEET. I thank you for bringing up that point; I had intended to touch upon it. In the other States which prohibit the sale of intoxicating liquors—Maine, Kansas, and in other States which have had prohibition—they prescribe in their constitutions that the sale of liquor is "forever" prohibited.

Mr. POWERS. "Sale and manufacture."

Mr. SWEET. Yes, sir; but I was only concerned for the moment with that word "forever."

Mr. LLOYD. If we should put the language of the treaty in the bill without any limitation, but simply say, "shall not be sold within that Territory," would not that morally bind the State forever?

Mr. SWEET. I should judge that that would be construed to bind the State until the State should see fit to change it. That would probably be the practical result of it.

Mr. LLOYD. I suppose, then, that the State could change it in five years if it desired?

Mr. SWEET. If no time limit were specified, probably it could; but if the State accepts statehood on the condition and agreement with the Federal Government to maintain prohibition laws for at least twenty-one years, or other definite period, it could not change its constitution within that period without a violation of its moral obligation.

Mr. LLOYD. And if "forever" was used, could they change it?

Mr. SWEET. Not without violating the moral obligation assumed by the State. And for that reason we have not insisted that the Government bind the State forever. We have not seen fit to ask that it be so fixed that there never can come a time when the State may change the prohibition policy, if it should have reason to do so, without violating its compact with the Federal Government. So we sought to hit upon some period of time for which there was a precedent. The Indian's homestead is made inalienable for twenty-one years. And the Indian will need protection from the liquor traffic just as much and just as long as he will need to be prohibited from selling his homestead.

The CHAIRMAN. The Seminole homestead is inalienable in perpetuity.

Mr. SWEET. Yes, sir. There is not entire uniformity at this point as regards the several tribes. But as we did not think best to ask that the Federal Government bind the State morally to perpetual prohibition, the period of inalienability of the homesteads of the other tribes was thought to be the next best precedent.

Mr. LLOYD. Do you not think that Congress has the power to put in this enabling act a provision that there shall be perpetual prohibition?

Mr. SWEET. Yes, sir; undoubtedly; but we are not asking that the Federal Government be responsible for prohibition. After statehood is granted the responsibility will really rest with the State forever. Certainly the prohibition ought to be perpetual. The Indians have a right to expect it. To be entirely frank, gentlemen, we purpose to make it perpetual. If you will help us to get started off right, within twenty-one years—indeed, in less time than that—we shall expect to have developed a sentiment among our people which will demand the retention of the prohibition policy forever.

Mr. KLEPPER. Have the Indians sent representatives here to look after their interests from the standpoint of prohibition?

Mr. SWEET. Yes; there are a number of gentlemen here who are Indians and who desire to be heard upon this question.

Mr. DINWIDDIE. May I suggest that Arizona, New Mexico, and

Oklahoma are represented in Congress by Delegates, but the unfortunate situation is that the Indian Territory has no Delegate, and she has not been able to get her case before Congress except in this way.

Mr. KLEPPER. I do not understand that you represent the Indian tribes. Are the Indians represented?

Mr. SWEET. Certainly they are. I am speaking as the secretary of the Indian Territory Church Federation for Prohibition Statehood. Our federation has a board of directors, and upon this board are a number of Indians; for example, Governor Brown, of the Seminole Nation. We have three vice-presidents, all of whom are prominent Indians. Yes; the Indians are represented by our federation as well as the whites.

Mr. Chairman, I now desire to discuss the second proposition which I was to touch upon, namely, the practical good which will result to the Indian Territory from the adoption of the proposed amendment. Why are we asking Congress to require the prohibition of the liquor traffic as a condition precedent to statehood? What practical good would accrue? Why are we unwilling to leave it to be settled by the people of the new State afterwards?

Our opponents have set up the argument in the newspaper campaign which they have waged against us since they reached the city, that it could do no practical good for Congress to put the prohibition requirement in the enabling act; that prohibition can not be effective unless a majority of the people of the State are in favor of it so as to enforce the law, whereas if there is such a majority in favor of prohibition they will provide the law for themselves without any aid from Congress. Now, I think I can show you in a moment the fallacy of that argument. It fails for a practical reason. There would, indeed, be some force in the argument if our population were to remain the same after statehood as it is now, but it will not be so. The chief practical value of the action which we seek at your hands will lie in the effect which it will have in largely determining the character of our immigration. And the Indian's future depends chiefly upon what kind of white neighbors he gets.

I do not know how closely the gentlemen of this committee have observed the rapid growth of prohibition sentiment in this country within recent years, especially, I may say, in the South and West. My native State of Texas, for example, has, mostly within the last ten years, driven the saloon from about three-fourths of her area. Out of seventy-some-odd counties in Arkansas, upward of forty-five are entirely under prohibition, besides a number partly so. Tennessee has evicted the saloon from all but about a dozen towns. And in Kentucky, Georgia, Mississippi, Alabama, North Carolina, Indiana, Missouri, Iowa—may I mention Ohio?—and many other States which I might name this same propaganda against the liquor traffic has been waged with progressive success in the last few years.

The CHAIRMAN. That shows that the morality of humanity is on the upgrade.

Mr. SWEET. Exactly so; and while that is a gratifying fact—

The CHAIRMAN. Well, you would not except Oklahoma from the probability that it would be in line with the upgrade movement, would you?

Mr. SWEET. By no means; but we do make our earnest protest

against being made the dumping ground for the riffraff and moral garbage which these States cast out in their house cleaning. The rapid moral advancement of these States only intensifies our peril. Every county that votes the saloon out of its borders puts scores or hundreds of saloon keepers out of employment. And with them also go the gamblers and other associate criminal classes. What do they do? Why, of course, they immediately begin to look about for some other place to go into business. They are turning eagerly toward Indian Territory. They have heard that the Indians there have plenty of money and don't know what to do with it. Mr. Chairman, the information has come to me from two different sources that there are to-day 3,000 sets of saloon fixtures stored on the borders of Texas and Arkansas waiting to be shipped into Indian Territory as soon as they can get a foothold. And many of them are not waiting on the border, either. In my own town of Muskogee there are two buildings that I know of which have been erected within a little more than a year past expressly for saloon purposes. Also in several other towns I know of similar facts—saloon keepers that have been voted out of Texas, Arkansas, and other States coming to Indian Territory, buying corner lots, building storehouses thereon, and "waiting till statehood comes."

The CHAIRMAN. But still they could not do business there any better than they could in Texas or Tennessee if the public sentiment was opposed to that business, could they?

Mr. SWEET. Certainly not, if you will leave our public sentiment armed with the law, so that it can express itself effectively. But if you take away our present prohibition law, as will be done with the expiration of Federal authority, and do not give us another in its stead, we will be at the mercy of these criminal classes for a long and riotous period of time. If you give us statehood without prohibition, they will open up their business everywhere the first day. Then when it comes to calling an election to vote them out you can depend upon it that they will have their fingers in the election. Behind them stand the brewers and distillers, with limitless slush funds to corrupt the ballot and secure a larger and profitable market. They will have a hand in the election, according to methods which we can not use. Consider, too, the mixed classes of population which we have, many of whom would then be casting their first ballot. Now, gentlemen, I submit that in the name of common fairness it is not fair to the Indian citizen, now that after the expenditure of millions of money by the Christian churches of this land and thousands of lives and generations of patient labor he is at last brought to that degree of development where we call him "civilized" and give him the ballot—it is not fair to force him to cast his first ballot under conditions where there is such a large premium on corruption.

Certainly it is the desire of Congress and of this committee in establishing this new State government to give the advantage to the right. We ask that you will at least enable us to start off our State with as much of power as possible in the hands of men who desire clean government instead of in the hands of those who are unscrupulous. Of course it is not necessary for me to say that the gentlemen who differ with me upon this question here are not to be reckoned in that class by any means. But perhaps some of them have not taken

into consideration certain vast commercial interests which are vitally concerned in defeating this proposition.

Indeed, Mr. Chairman, there is much more than a merely moral question involved in this controversy. Many of our leading business and professional men agree that there is no question now confronting us in connection with statehood which will so greatly affect the commercial and industrial interests of our future State. If you give us statehood without prohibition and we receive such a vast immigration of criminal classes, the immediate result will necessarily be a large increase in crime. The newspapers will report these things to the world. That is their business. And we are thinking about the hundreds and thousands of families that are to-day around their firesides in your States debating whether they will move to Indian Territory. If we begin the State with the prohibition policy, they will know that it will be a good place to build homes and rear their children. If, on the other hand, they take up their newspapers and read about the reign of murder and riot which will ensue if the saloon comes among us with statehood, they will conclude to stay away, and we will lose the best class of immigration, which would otherwise be attracted to our country. Mr. Chairman, we have a fine country, and we want it to be inviting to the best people that can be induced to leave the older States. This prohibition question with us is a great commercial and industrial proposition.

Mr. Chairman, I would have it understood that the work of our church federation for prohibition statehood is not limited to church members. At the convention at South McAlester September 27-28, 1904, where our federation was organized, there were some of our most prominent citizens who are not members of any church. On our board of directors is one of our leading lawyers, who is not a member of any church, though earnestly in favor of prohibition. Indeed, the larger contributions toward our expense fund have come from the business men of Indian Territory who are interested in prohibition as a business matter. Aside from the effect upon the kind of immigration which we will get, these business men reason this way:

According to the report of the Commissioner of Internal Revenue just issued, there were 1,136 persons in the Territory of Oklahoma who paid during the fiscal year ended June 30, 1905, the special tax required of retail liquor-dealers by the Internal Revenue Department. At the low average of \$20 daily sales for these 1,136 liquor dealers, the people of Oklahoma waste (worse than waste) \$22,720 a day for intoxicating liquors, or \$8,292,800 a year. If Indian Territory be opened to the liquor traffic, not less than \$7,000,000 will go into liquor the first year, or \$15,000,000 for the entire new State, the larger part of which will otherwise be spent for clothing and shoes and groceries and hardware and real estate and lumber and other like commodities.

A real estate man was in my office several weeks since who came to our Territory not long ago from Missouri. He told me that Indian Territory had done for him in a few short weeks what his mother had failed to do in about thirty-five years—made a prohibitionist out of him. He was relating also that the merchants of Missouri had begun to feel the good effect of Sunday closing in a brisker business toward the first part of the week. I have seen the statement

in two St. Louis papers, credited to John H. Howard, former president of the St. Louis Liquor Dealers' Benevolent Association, and concurred in by Senator Kenney, also a saloon keeper, namely, that Sunday closing has effected a loss to the liquor trade—that is, a saving to the family purse—equal to 24 cents per capita of the city's population. This amounts to \$146,580 for every Sunday that the law is enforced, or \$7,622,160 per annum in the city of St. Louis alone, nearly three times as much as the annual appropriations of the Missouri legislature for all purposes. Verily the governor of Missouri is not an unprofitable servant of the people.

Since these hearings began, Mr. Chairman, I have heard several expressions tending to reflect upon the State of Kansas and her so-called noneffective prohibition. In that connection I believe that you will be interested in the following figures clipped from a recent number of the Advance:

THE EFFECT OF PROHIBITION IN KANSAS.

Kansas has been under constitutional prohibition for twenty-one years, a period long enough. It would seem, to give a law a fair test. As to what the test shows, statistics recently published are illuminating. In 5 of the 105 counties of Kansas the prohibitory law is generally ignored. The 5 counties have 17 per cent of the population and furnish over 30 per cent of the crime. The population in the twenty-one years has increased from 996,616 to 1,470,945, while the number of prisoners has decreased from 917 to 788. That prohibition is generally but not efficiently enforced appears in the fact that the United States still collects a liquor tax from Kansas of only \$7,700 for each 100,000 inhabitants, while in Nebraska, not a prohibition State, it collects \$252,000. In the last ten years Kansas has gained 3 cities of over 10,000 inhabitants, while Nebraska has lost 3.

Mr. Chairman, the grafters of Indian Territory are opposed to prohibition to a man. The saloon would be their great ally. But the better class of our business men, for the most part, are for prohibition. They know that the liquor traffic as an economic factor is very wasteful of a country's resources, and is coming under the ban all over our land. In 1889 the American Railways Association appointed a committee of experts to investigate into the causes of railroad wrecks which had occurred during the five years preceding. The report shows that 40 per cent of these wrecks were caused directly by liquor drinking, while in an additional 15 per cent liquor was strongly suspected but not positively proven to be the cause. What did these railroads do when they found this out? To them it was simply a cold-blooded business proposition. I will read you what they did.

On the 2d day of last January, as I was on my way to Washington, we were side-tracked several hours at Rocheport, Mo., waiting for the débris of a wreck to be cleared away several miles ahead. In conversation with an engineer on this subject at that time he permitted me to read one short paragraph from a book of rules and instructions which he drew out of his hip pocket. He let me write it down, and here it is:

The use of intoxicants by employees is prohibited. The frequenting of places where they are sold is sufficient cause for dismissal.

The employees of several of these railroad companies are required to sign a total-abstinence pledge even in their application for employment, whereas practically all the men employed in operating the

railroads of this continent are to-day working under the rule which I have just quoted. The result is that instead of the proverbially rough class which railroad men were known to be fifteen years ago they are now a set of as uniformly courteous gentlemen as we can find anywhere, and, what is more, statistics show that a man is safer to-day riding on one of our best-equipped railroad trains than when driving behind the family buggy horse.

The marine underwriters of New York express their judgment of the increased business risk which liquor drinking entails by writing insurance policies on cargoes shipped on vessels where no liquor is allowed to be drunk for 5 per cent less premium than on other vessels.

Mr. Chairman, many of our most successful business men of Indian Territory have too much horse sense to suppose that the saloon helps business. On the other hand, as I have said, they are willing to invest some money in an effort to keep the saloon out of our land. As instances of this, the three members of the Wewoka Trading Company, one white man and two full-blood Seminole Indians, contributed \$350 to our work for prohibition statehood; the president of the First National Bank, Wetumka, \$100; the cashier of the Bank of Commerce, Wetumka, \$50; three of the banks of my own town, Muscogee, contributed \$50 each and charged it to expense, besides several other like amounts from business firms and property owners, not to mention a number of other lesser amounts. More than a year ago Mr. Syllsby, of Chicago, invested \$60,000 in Muscogee property. He stated to Mr. W. E. Rowsey, one of our bankers, who negotiated the deal, "One thing I like about your city, you have built it up without any supposed help from the saloon business." Mr. Hamlin Garland, the noted author, has acquired some property in Muscogee and has also bought a ranch in the Creek Nation. Learning that Mr. Garland was much interested in our movement for prohibition statehood, I called on him when he was there some time ago and talked with him on the subject. He remarked that he perhaps looked at the matter from a different point of view from mine. To him, he said, it was simply a business proposition. Continuing, he remarked: "My wife and daughter can go about your streets with perfect safety. But it would not be so if you had saloons here. Nor would I feel disposed to recommend it to my friends whom I meet elsewhere in the States." Mr. L. M. Poe, one of the leading attorneys of Tulsa, in handing me his check, said:

I never parted with \$25 with more genuine pleasure in my life. This is a good country to live in, and I do not want to have to move out.

Mr. Chairman, I have been reciting these personal instances to show you how our business men feel upon this subject. Whether we shall have continued prohibition in Indian Territory is the greatest moral, political, and industrial question which we are confronting.

Mr. LLOYD. Do you know whether these delegates that are here from Indian Territory represent the various commercial bodies in the Indian Territory, and whether they have instructions as to whether they shall insist upon the prohibition amendment or not?

Mr. SWEET. Would the gentleman permit me to answer his question by asking another gentleman to answer it?

Mr. LLOYD. Never mind, if you do not know.

Mr. SWEET. Yes, sir; I can answer, at least so far as the thousand-

delegate statehood convention which met at Oklahoma City last July was concerned. I was at that convention. These gentlemen who are here opposing the prohibition provision are not acting in keeping with the instructions of that convention. The resolutions adopted by that convention of a thousand delegates, half from Oklahoma and half from Indian Territory, did not utter one word against the Gallinger-Stone twenty-one-year prohibition amendment which had been so recently added to the statehood bill by the Senate; but, on the contrary, contained the following language:

We have but one petition and one request to make of the American Congress, and that is that immediate joint statehood be granted to Oklahoma and Indian Territories on their own merits, and without any reference to any right or claim of other Territories seeking admission to the American Union.

Now, if I have been in any way unfair in this statement concerning the Oklahoma City convention, I ask that Mr. Jones or some one else will set me right.

STATEMENT OF MR. C. G. JONES.

Mr. JONES. I do not want to impugn the motives of any gentleman, and I am sorry that the gentleman made the remark that he did, that we who are here opposing his idea upon this proposition are not in favor of clean government, that we are enemies of clean government, and so on.

Mr. SWEET. I cleared myself of any such construction on my language as that at the time.

Mr. JONES. That was the remark you made. For myself I never tasted a drop of beer or whisky or took a chew of tobacco or smoked, and I do not know one card from another. I have traveled from Maine to California and from the British territory to the Gulf of Mexico, and I have worked my way. I am as much in favor of good, true American Government as any man.

The CHAIRMAN. We are satisfied as to that.

Mr. CAPRON. How in the world have you kept out of Congress?

Mr. JONES. We have not had statehood. I have got a little boy and I am trying to be father and mother both to him, unfortunately, and I want to say that I am for prohibition, but I do not want it in advance of public sentiment and against the wishes of the people of Oklahoma and the Indian Territory. When this question comes up after it is voted on by a majority of the citizens of Oklahoma, if by the stroke of my pen in any way I can make prohibition, C. G. Jones's name will be signed there. We want statehood. Then we will take care of this matter and other local matters. If we are entitled to statehood, give it to us and let us have our own police protection and regulations. We will enforce the laws that we make, but do not try to make us enforce laws that somebody else makes in advance. We are simply here as true, tried American citizens asking for statehood, and if you give us the opportunity to make prohibition or anything else we will do our duty as American citizens.

As I said at the outset, I have no objection and am perfectly willing to submit this matter to the committee and let you pass upon it, and whatever you do we will say "Amen." I want to say to the members of this committee there are thousands of mothers and

fathers who are praying for you to give them this relief in order that they may educate their children and make them good Christians, and I shall not put anything in the way of the prohibition provision, but give us the right as American citizens to control this matter through our police regulations.

I wish to introduce to you one of the ex-supreme court judges of the Territory, Mr. A. G. C. Bierer.

Mr. SWEET. Mr. Chairman, if I may by your courtesy be thought still entitled to the floor, inasmuch as I yielded to the gentleman for the purpose of his answering a question, though I did not wish to interrupt him until—

Mr. JONES. Oh, I beg the gentleman's pardon. I thought he had gotten through.

The CHAIRMAN. Yes; we will recognize you, Mr. Sweet.

Mr. SWEET. I have only a word to add, Mr. Chairman. I only wanted to say that my friend has gone a long way around in order to put any such construction upon my language, especially so since I distinctly stated that I did not refer to any of the gentlemen here who differ with me, but to certain commercial enterprises which look with such large financial interest to the defeat of this proposition. I made that very clear at the time.

As to statehood, I desire to say that we who are advocating the prohibition amendment are no less eager for statehood than are those who are opposing prohibition. But we are proceeding on the assumption that we can get statehood with this question settled rightly just as easily and just as soon as otherwise. In view of the fact that the Senate is already on record for this amendment by a majority of more than three to one. I am clearly of the opinion that the bill can be passed with this amendment sooner than without it.

STATEMENT OF MR. A. G. C. BIERER.

Mr. BIERER. I just happened to be here. I was fortunate enough to live in the great State of Kansas for a period of ten years under both constitutional and statutory prohibition. There was an abundance of liquor there. I have been fortunate enough to live in the great Territory of Oklahoma for almost fifteen years, with no constitutional provision, but with statutory license. There has been an abundance of temperance there. These gentlemen on this side of this question are fairly representative of our Oklahoma citizenship, and, gentlemen, they will continue after you pass this enabling act, whether it be prohibition or not, to be fair representatives of the citizenship of the great State of Oklahoma. The vital question and the important one is to give us statehood for Oklahoma and the Indian Territory, and we will take it under such terms and such limitations as you gentlemen suggest.

So far as the question suggested here as to the legal status of this case, which is, as I understand, a construction of the amendment to section 1639 of the Revised Statutes made by Congress on January 30, 1897, that section has been in force, I believe, ever since 1830, just about three-quarters of a century, and that section prohibited the sale of liquor to Indians and prohibited the introduction of liquor into the Indian country. Whenever any country ceases to be Indian country then the operation of that section ceases. That section also

in so far as it prohibits barter and sale of liquor under the charge of an Indian agent ceases when the Indian becomes a citizen of the United States. Then this matter of the sale of liquor becomes a police regulation, and then Congress would not have the right to interfere with that police regulation.

It has been urged that now it is necessary to place some restriction in this bill in order that the Indian may be protected in accordance with the spirit of these treaties—I say spirit, because the treaty is dead when the country passes out of the jurisdiction of the treaty. These treaties, as I understand, make regulations against the introduction of liquor in the Indian Territory or the Indian country.

Now, whenever the Congress of the United States shall in its wisdom say, you are no longer an Indian country, but you have become a State of the Union, then the operation of that statute must of necessity cease, because there is no longer any Indian Territory or any Indian country. These gentlemen are sincere in pressing this matter upon Congress. They are good citizens. There are just as good citizens on that side as there are on the other, and just as good on the other as there are on that side.

Mr. McGUIRE. If you will allow an interruption with regard to the construction of these treaties, is it your contention that the Government ought not to be permitted to prevent the importation and sale of spirituous liquors in the Indian country longer than the date at which it will obtain statehood?

Mr. BIERER. Probably not longer than the time when these reservations cease.

Mr. McGUIRE. That is your construction of this treaty?

Mr. BIERER. Yes, sir; that is my construction of the statutes and of this treaty. It was not intended by the American Congress that those countries should remain Indian reservations forever. It was always understood that some day that country, like every other foot of American soil, at least on this continent—I don't know about the other [laughter]—would become a sovereign State of the American Union.

Mr. McGUIRE. Your contention is that the countries ought not to be committed further to that which they would not have a constitutional and lawful right to do?

Mr. BIERER. I am willing that the Government should retain constitutional control over the subject of the barter and sale of liquor for all time to come. That would protect the Indians. I do not think it is necessary or advisable to invade local conditions any further than is necessary to do that. I think that Congress, in passing this enabling act, ought to grant us the power to become a State; but distinctive local conditions that have long existed should be interfered with just as little as possible.

The men in the Indian Territory would say, "We have had prohibition for all time to come." You can not very well continue prohibition there, as a matter of law, unless you place prohibition upon that part of this domain that has not heretofore had prohibition. Therefore, when it comes to a question of territory, of domain, when you pass an act enabling us to become a State, and after the reservations have ceased, then you must make conditions that will invade one or other portion of that domain. But the pressure now brought to bear upon Congress, this additional pressure, is that the Indian

should be protected. I think he should. I think it is right that he should. I have lived near there. I have had the honor to preside over a court where we had the Indians and whites alike brought up for the violation of those statutes. Mr. McGuire is acquainted with them, because he lived near there. I know the tendency of the Indian is when he can get liquor to get it.

Mr. DINWIDDIE. The court says you can not do it that way.

Mr. LLOYD. Do I understand you to convey the idea that the matter should be so regulated that if intoxicants are sold in violation of the law to the white man you would punish him under State law and if intoxicants are sold to the Indian you would punish him under the Federal law?

Mr. BIERER. Yes; just as we do now. We now punish him under the Federal law for taking liquor into the Indian country and selling it to the Indian.

Mr. WEBB. Your idea is that we can still control by Federal statutes the Indian because he is our ward?

Mr. BIERER. Yes, sir.

Mr. WEBB. Now, when you make him a part of a sovereign State and allow him to vote, don't you destroy that relation? That would make it unconstitutional to retain such a law.

Mr. BIERER. What constitutional provision would it violate?

Mr. WEBB. The fourteenth amendment to the Federal Constitution.

Mr. BIERER. In this instance I propose that the State should grant it.

Mr. WEBB. Would not the Indian ward say, "I am not going by your constitution, but by the Federal Constitution. the fourteenth amendment?"

Mr. BIERER. The power was never granted in the constitution of the State of Kansas to take that from the Indian.

Mr. MCGUIRE. Your contention is that if the State should grant one it should grant the other?

Mr. POWERS. I think there are certain rights that a citizen has which the State can not grant away from him.

Mr. DINWIDDIE. I was going to ask a question——

Mr. WEBB. I want to get you right about that, Judge. I want to ask if this is your decision on this matter?

Mr. BIERER. That perfect toleration of religious sentiment should be secured, and that no inhabitants of the State should be molested in person or property on account of his or her mode of religious worship; that polygamous or plural marriages and the sale of intoxicants to Indians should be denied.

It should be supplemented by a grant of power to the Federal Government to enforce that prohibition. I think that power can be granted, and can be enforced by the Federal Government if granted by the State. But it must be granted by the State to the Federal Government, and the State should be required to adopt that enabling act in its constitution, so that the power would irrevocably remain in the Federal Government. Then it should be passed upon by the Supreme Court of the United States, the highest court on earth. But I think there will be less infringement on the rights of the people of Oklahoma through that provision and less danger of harm therefrom than by taking any other theory. As I suggested

before, if you make any general provision for or against prohibition, you would change a provision that has already existed in one or other of those Territories. In Oklahoma we have had a license system ever since the passage of the organic act of May 2, 1890. Our local government has grown up under that theory. Our cities have been established there under it—under our license system.

We have cities there which, if you gentlemen would come and look at them, you would say, if you did not remember the actual year, must have been in existence a great deal longer than they really have been. Those cities have contracted indebtedness, they have issued bonds, they are maintaining city governments, and they are maintaining them of an advanced order. A good deal of the expense is paid by the license system. If you come down in a moment and cut that off all at once and change that in the twinkling of an eye to another system that will take years to establish, I think, gentlemen, it would be taking a step and would be making conditions there that may result in serious embarrassment. The other plan I do not believe will create any embarrassment.

Mr. DINWIDDIE. I will ask a question, judge, not to interrupt you. You don't mean to indicate to the committee that that condition exists in the Indian Territory?

Mr. BIERER. No; no man can go into the Indian Territory and sell a drop of liquor. If he steps over the line he has violated the amendment—the fourteenth amendment.

Mr. POWERS. Is it sold there?

Mr. BIERER. Not legally.

A BYSTANDER. Extracts of Peruna, etc., are sold.

Mr. BIERER. They must have so little liquor in them that they are not regarded as liquor in themselves.

Mr. LLOYD. What do you say to the proposition of leaving the regulation of the liquor traffic to your own people? Are we safe in doing that? Can the United States Government feel safe in doing that?

Mr. BIERER. That brings up the question asked by others, as to whether the people there are in favor of prohibition or against it. Those people assert that there is a strong prohibition feeling in both Territories. There is quite a strong prohibition sentiment in Oklahoma Territory. My friend C. G. Jones comes and says he is in favor of prohibition. [Laughter.] There are lots of them just that same way, men who are public-spirited, progressive, and advancing. I don't say that the other people are not equally so, but there are lots of people there who drink some liquor who are still in favor of prohibition.

Mr. LLOYD. I want to know whether you answer affirmatively the proposition that he submits, that it would be safe so far as the Government is concerned to leave the whole adjustment of the matter to your people?

Mr. BIERER. I believe it will. At the same time, I am in favor of prohibiting that sale to the Indians so long as those fellows—the Indians—remain as men of distinctive Indian blood or largely of Indian blood. I believe their disposition and habits and passions are such that they need this protection.

Mr. LLOYD. What do you say an Indian is? What do you say?

Mr. BIERER. I do not believe you can go that far. [Laughter.]

Mr. POWERS. I have Indian blood in me. Do you suppose I could get a drink down in Oklahoma? [Laughter.]

Mr. BIERER. I don't know. Many citizens have Indian blood in them, but they have had it so far back that they are now quite distinctive Caucasians.

Mr. LLOYD. How much blood do you call Indian?

Mr. BIERER. I think a man is an Indian unless he is three-fourths white. Some of those half-breeds have the distinctive Indian features and marks and characteristics. There are many half-breeds down there who are very far advanced in citizenship, and among them are some of our best citizens. People of that intelligent class would not need this act at all. Lots of Osage and other advanced tribes do not need that protection. But I understand you would put that limitation in for the protection of the many.

Mr. LLOYD. Do you say one-fourth?

Mr. BIERER. I say one who is not at least three-fourths of white blood.

Mr. McGUIRE. What do you say as to the legal effects of a prohibition of this kind, that "nothing contained in the said constitution shall be construed to limit or affect the authority of the Government of the United States to regulate the sale of spirituous, malt, and other intoxicating liquors to Indians," in case such a provision should be adopted by the people of Oklahoma?

Mr. BIERER. I think that is broad enough, and it would give to the Federal Government the power to regulate it as it chose. I believe that is sufficient. That gives the jurisdiction to Congress to still control that, so far as the Indian is concerned.

Mr. CAPRON. You would still limit it to twenty-one years?

Mr. BIERER. I think in twenty-one years the Indian there will become so distinctive an American that he won't need that protection longer.

Mr. CAPRON. I don't know how the State would feel as to being hampered by some police regulation in it by having a time limit.

Mr. BIERER. The people of Oklahoma and of Indian Territory will adopt by a 95 per cent vote any constitution that you give them the opportunity to make. That vote, that sentiment, is just so strong that they will adopt any one you wish to make. [Laughter.]

Mr. CAPRON. This gives us a very broad invitation, you know. [Laughter.]

Mr. BIERER. Yes; I think the bill, as it goes to Congress, as passed by this committee, or reported by this committee, is very apt to be, or very nearly in its essential details, the bill that will be passed upon.

Mr. CAPRON. I believe you appreciate this committee.

Mr. BIERER. Yes.

Mr. DINWIDDIE. Can I ask a specific question?

The CHAIRMAN. Yes.

Mr. DINWIDDIE. The Judge is absolutely right, in my opinion, about his statement that the Federal law, which is now existent, can not, after the Heff decision, operate to stop the sale of liquor to Indians when they have become citizens and have received their allotments of land. There is no doubt about that. The Judge says the reason for it is that the State has not given its consent to the Federal Government.

Mr. BIERER. The Federal statute has not gone directly to that point.

Mr. DINWIDDIE. Up to that point there is no difference of opinion as to the constitutional question decided in this Heff case, in 197 U. S., page 488. But the Judge says that is going to be overcome when the State, in its constitution, confers upon the Federal Government authority to exercise jurisdiction with reference to the sale of liquor to Indians; and I maintain that the moment the State does that, or attempts to do it rather, and the Federal Government attempts to come in there and operate on the State by its legislative or constitutional provision, and comes in there and attempts to discriminate against the Indian in the sale of liquor, and differentiate him from the other body of citizens, just that moment you fall within the fourteenth amendment to the Federal Constitution.

Mr. BIERER. Congress is only passing upon that act.

Mr. POWERS. Mr. Chairman, when shall we meet again?

Mr. CLARENCE DAVIS, of Bristow, Ind. T. Mr. Chairman, there has been but one gentleman here who has spoken for Indian Territory, and the whole controversy before this committee seems to be with reference to the Indian Territory. I am from the Indian Territory myself, and I expect that I have seen more years of prohibition, possibly, for my age, than anyone in this house. I lived twenty-four years in Kansas and three years in Indian Territory, making twenty-seven years.

Now, there has been much argument offered by the gentlemen from the other side. I want to say at the outset that I am not a prohibitionist. I do not belong to that side of the wing; neither do I belong to the other side of the wing. I want to answer, in the first place, the gentleman's first proposition, and that is the keeping of faith by this Government with the Indian. Let us look into that just for a moment—

Mr. LLOYD. May I interrupt the gentleman just a moment, Mr. Chairman? We were just discussing an adjournment.

Mr. POWERS. We might meet at half past 10, Friday.

Mr. JONES. Mr. Chairman, I want to thank you for your indulgence. We are later than usual now, but how long do you expect to continue this hearing? Have you any idea? Understand me, we are willing to quit now.

The CHAIRMAN. I don't know how the majority of the committee feel. We ought to have some expression of our views, perhaps, among ourselves. We want to give everybody a fair chance. The only question, gentlemen, is, When shall we meet? Shall it be tomorrow?

Mr. LOYD. I move that when we adjourn we shall adjourn to meet on Friday morning at half past 10.

The CHAIRMAN. I will put that motion. Gentlemen, you have heard it. Are you ready for the question? As many as are in favor say "aye." The ayes have it. Adjourned until half past 10 o'clock Friday morning.

Thereupon, at 5.20 o'clock p. m., the committee adjourned until 10.30 o'clock Friday morning, December 15.

COMMITTEE ON THE TERRITORIES,
Friday, December 15, 1905.

The committee this day met, Hon. Edward L. Hamilton in the chair.

The CHAIRMAN. Who is the first gentleman to be heard this morning?

Mr. JONES. I would like to ask how long the hearings are likely to continue?

The CHAIRMAN. Gentlemen of the committee, what have you to say about that?

Mr. LLOYD. Let us proceed until 12 o'clock without any decision.

Mr. JONES. I wish to introduce to the committee Mr. Clarence Davis, of Bristow, Ind. T.

STATEMENT OF MR. CLARENCE DAVIS, BRISTOW, IND. T.

Mr. DAVIS. Mr. Chairman and gentlemen of the Committee on the Territories, as Mr. Jones said to you day before yesterday, we of the Oklahoma and the Indian Territory delegation were perfectly willing to submit the question as to whether there should be any provision in the enabling act with reference to intoxicating liquors to this committee for its decision without any argument being made either pro or con, but on the contrary, day before yesterday the gentlemen here representing those who are advocates of the intoxicating-liquor provision to be inserted in the enabling act brought this question before your committee.

Mr. LLOYD. Allow me to interrupt you right there. What is your business?

Mr. DAVIS. I am a lawyer.

Mr. LLOYD. How long have you been in the Indian Territory?

Mr. DAVIS. Not quite three years; and in that connection I will say that I have lived for twenty-four years in Kansas, the full lifetime of the prohibitory liquor law in Kansas, with a constitutional provision that "the manufacture, sale, or barter of all intoxicating liquors is forever prohibited, except for medicinal, mechanical, and scientific purposes," and the last three years I have lived in the Indian Territory, where the most stringent prohibition liquor law on the face of the earth is now in force. While in Kansas I also served as prosecuting attorney, and it was my duty under my official oath to undertake the enforcement of that law.

Now, gentlemen of the committee, taking up the matter that the gentlemen have offered in behalf or in support of their contention, the first proposition they put forth to you is to keep the faith of the National Government toward the Indians in the Indian Territory. Their proposition is this: That you have by solemn treaty said for all time that you would prevent the manufacture and prohibit the sale and barter of intoxicating liquors in that Territory.

Now, gentlemen of the committee, I wish to say to you this: That every act of Congress and every treaty obligation of the Congress with any Indian nation is made at that time in view and under the consideration and subject to the Federal Constitution of this Union, and all parties to that obligation, the tribal governments likewise; it is made with full knowledge of that obligation. If the Indian

nation may be said to be possibly an unlettered nation and possibly unacquainted with the full extent of this provision of the Constitution, it can not excuse them. Perhaps it may be that we may extend them sympathy, but yet at the same time that obligation is made. But a short time ago—four or five years—the National Congress did introduce a new policy with reference to the Indian nation, especially in the Indian Territory, and that policy was to destroy the relation of guardianship to the ward, the Indian, and was to make them citizens of the United States and later to become citizens of one great State which will be the new State of Oklahoma. I shall not undertake to say at this time whether that policy is wise or unwise. It has been adopted, and at the time when the National Congress passed that act which laid out the policy of this nation—

Mr. LLOYD. The Curtis Act?

Mr. DAVIS. In general, that is the Curtis Act. To make them citizens of the United States they did and of necessity will make them citizens of the State to be. Now, that policy was adopted. At this time it is impossible, you can not turn back.

Now, again, about keeping the national honor, I wish to say to you that when the treaty obligation was entered into and later by agreement the tribal relations were dissolved and this policy introduced, I wish to say to you gentlemen, members of this committee sitting here, and it applies to the members of the House and the Senate and to the President of the United States, that you, each one of you, when you entered upon your office held up your hand and said, "I do solemnly swear that I will support the Constitution of the United States," among other things.

Now, gentlemen, it has come to this pass: We are asking for statehood, and you will all admit, and I believe the gentlemen who are arguing the affirmative of this proposition will admit, that from no constitutional point of view—I care not how you present it—any scheme, shift, or device that you propose to put into this bill can be made constitutional. I think that is conceded, if I understand the gentlemen aright.

Mr. DINWIDDIE. Not by any means.

Mr. DAVIS. Then I do not understand the gentleman's position.

Mr. DINWIDDIE. I will try to make it clear before we get through.

Mr. DAVIS. Gentlemen, if it is written in the constitution of the State by our people, regularly assembled, it will then be constitutional. You say in the bill that you bring us in with equal rights between ourselves and between the other States. Now, in order to do that, in order to pass a bill here, gentlemen, you who have taken a solemn oath to support the Constitution of the United States—and I speak now of keeping the faith—you are bound to keep the faith of that oath and not present anything in any form unconstitutional in this bill, if you know it to be so, and I ask you to keep that kind of faith, the most solemn.

These gentlemen, ministers, members of the clergy, can not come and with force make an argument that when the treaty relations that by agreement with the tribes have ceased to be, and ask you to break faith with the solemn oath that every member of this committee took when he was inducted into his office. You ask them to break that most complete faith of all and that is the highest matter of national concern. I merely present this in answer to the gentle-

man's argument as to keeping faith. I do not think that that can be put forward with good argument for keeping the faith, and I believe that is a complete answer to the proposition. It is to my mind a complete answer.

Mr. LLOYD. What clause of the Constitution does it violate?

Mr. DAVIS. That is, in which respect?

Mr. LLOYD. You say that if we put this in the bill it will be a violation of the Constitution of the United States. What part of the Constitution of the United States does it violate?

Mr. DAVIS. The general police power of the State. I was just coming to that. That provision which expressly provides that all powers not granted herein are reserved to the States, supplemented by decision after decision of the Supreme Court, without number, in line with this view.

Mr. LLOYD. I did not intend to interrupt you.

Mr. DAVIS. That is all right. As it was decided in the Heff case.

Mr. REID. There is a provision in the bill to this effect:

That provisions shall be made for the establishment and maintenance of a system of public schools, which shall be open to all children of said State and free from sectarian control, and said schools shall always be conducted in English.

Do you object to that provision?

Mr. DAVIS. No, sir.

Mr. REID. Would it not be excluded on the same principle that you have insisted upon?

Mr. DAVIS. I think not. I think there is another provision in the Federal Constitution which makes that permissible. The unwritten law with reference to the Constitution is that the English language is the language of the United States and the language of the various States. I think within that interpretation that it is permissible.

Mr. BEALL. What about this requirement, before you come in that you shall provide for a system of public education? Is not that such a restriction upon your right to come into the sisterhood of States as the other would be?

Mr. DAVIS. Whether we come in and establish a school system?

Mr. BEALL. Yes, sir.

Mr. DAVIS. That is a physical impossibility before we come in.

Mr. REID. You must make arrangement for the establishment of such schools as are mentioned there. Your contention is that you come in free of any limitation. Would not that clause also limit you?

Mr. DAVIS. No; I think not.

Mr. REID. Would it not apply with equal force?

Mr. DAVIS. As to the Indian Territory, it would be impossible to establish a system of schools.

Mr. BEALL. What is the difference between requiring you to do a certain thing and requiring you to say in your constitution that you will do a certain thing?

Mr. DAVIS. I am not sure now. Speaking to the general point of view, I have not given that phase of it consideration. I am rather inclined to think that that comes within the rule of police regulation, and if it does it would be an unconstitutional section.

Mr. MCKINNEY. You say that you are in favor of our keeping the

faith of the Government as expressed in the treaties with the Five Civilized Tribes?

Mr. DAVIS. I will say that I think the National Government has kept faith with the Five Civilized Tribes. We have enforced the law. It is still in effect, and we will enforce the law until March 4, 1906. At that time the tribal governments go out of existence.

Mr. MCKINNEY. All the terms of the treaties negotiated with these tribes will cease, then, on March 4, under your interpretation?

Mr. DAVIS. When the tribal relations are dissolved.

Mr. COLE. Was it not understood at the time of the signing of these agreements that this condition was to begin at the expiration of the term?

Mr. DAVIS. Upon that question I am not prepared to answer, because I have had no conference with the gentlemen who signed the treaties at that time.

Mr. COLE. That was the construction that the gentlemen who signed the treaty undoubtedly placed upon it.

Mr. DAVIS. That is very true, possibly. I do not know as to the fact, but the point I make is this, that you have got to keep the faith until the day the tribal relations cease. When you have done that you have done all you can possibly do from a legal standpoint.

Mr. CAPRON. Then, if the tribal relations between the General Government and the Five Civilized Tribes cease on the 4th of March, 1906, how would you explain or interpret the provision that for twenty-one years the General Government shall in a certain sense continue these people as its wards because they are not permitted to do what full citizens always are permitted to do in regard to their land? They can not alienate their lands for twenty-one years, and it is proposed that this prohibition shall extend for twenty-one years, during which time that relationship, in a sense, of the wards to the General Government shall continue. The General Government, in other words, keeps its hands on them during the twenty-one years in which they are prohibited from alienating their lands.

Mr. DAVIS. I will answer that in this way: There are two relations which the Indians of the Indian country occupy with reference to the National Government which they do keep now. The civil and political status of the Indians in the Indian Territory at this time are the same to all men alike. I am a citizen of the United States, and that is all the protection I have and that is all the protection they have. That is their civil and political status; it is mine. But the property status of the Indians is different from ours, and in 197 United States Reports, in the *Heff* case, Mr. Justice Brewer, in a very able decision, considers all the matters that the gentleman here speaks of, and I will read a few extracts from that decision. If the members of this committee have not read the *Heff* case, I wish to commend it to their most careful consideration. The decision is written by Justice Brewer, one of the ablest men upon that bench. Right along in line with the gentleman's suggestion I will read from the opinion. In the syllabus it says:

The general police power is reserved to the States subject to the limitation that it may not trespass on the rights and powers vested in the National Government.

Now, that the State may not trespass upon the rights of the National Government, and, in turn, our position is that the National Government may not in any sense trespass upon the police power of the State, and we claim that to put this provision in the bill is trespassing upon the police power of the State with reference to public safety, public order, and public morals, which are internal matters strictly. This is from the opinion. It says:

Of late years a new policy has found expression in the legislation of Congress—a policy which looks to the breaking up of tribal relations, the establishing of the separate Indians in individual homes, free from national guardianship and charged with all the rights and obligations of citizens of the United States. Of the power of the Government to carry out this policy there can be no doubt. It is under no constitutional obligation—

Here is the proposition exactly—

It is under no constitutional obligation to perpetually continue the relationship of guardian and ward.

And in this opinion Justice Brewer says it can not be done.

It may at any time abandon its guardianship and leave the wards to assume and be subject to all the privileges and burdens of one sui juris. And it is for Congress to determine when and how that relationship of guardianship shall be abandoned. It is not within the power of the courts to overrule the judgment of Congress. It is true there may be a presumption that no radical departure is intended, and courts may wisely insist that the purpose of Congress be made clear by its legislation, but when that purpose is made clear the question is at end.

And you have already, as I said sometime ago, set out upon this policy and made all members of the Five Civilized Tribes citizens of the United States.

Mr. LLOYD. Do you believe that it would be a violation of the Constitution of the United States if Congress in this enabling act were to say unless you people insert the prohibition clause in your constitution you shall not be a State?

Mr. DAVIS. I maintain this, that when you do that you undertake to do a legal impossibility. That is my position. Or, in other words, I mean to say exactly this: You put something into this enabling act. It comes down to our people. We have a constitutional convention. We may or may not adopt the provision with reference to intoxicating liquors.

Mr. LLOYD. Suppose we put the provision in the enabling act and you do not adopt it, then it will depend upon Congress whether you shall be accepted or not?

Mr. DAVIS. That is true.

Mr. LLOYD. The Congress of the United States is not bound to accept you as a State?

Mr. DAVIS. I admit that. However, after the President has issued a proclamation which makes us a State, the next legislature might provide for an amendment to the constitution and the people may turn around, if there is a majority of votes therefor, and amend the constitution. I think there is no lawyer who will say that the State has not the power to amend its constitution, except it should be limited by the Federal Constitution; the State has that power.

Mr. COLE. The enabling act for the organization of the Northwest Territory provided that slavery should not be allowed. Do you think that one of the States of that Territory had the right, after being admitted, to repeal that section of the constitution?

Mr. DAVIS. This is my position: That any State of this Union may amend any section in its constitution that does not conflict with the Federal Constitution. There is no power on God's green earth which prevents any State of this Union from amending any section or article in its constitution, except as it may be limited by the Federal Constitution.

Mr. KLEPPER. As to the present clause in the bill, do you think that it is constitutional?

Mr. DAVIS. Do you refer to the provision in the Hamilton bill?

Mr. KLEPPER. Yes, sir.

Mr. DAVIS. If the constitutional convention of Oklahoma were to pass it?

Mr. KLEPPER. Yes.

Mr. DAVIS. I do not. If that were put in the constitution of Oklahoma, I think it would be a class discrimination between the citizens of the State.

Mr. BEALL. Are you in favor of striking the provision out?

Mr. DAVIS. Yes, sir.

Mr. KLEPPER. The Hamilton bill provides that Guthrie shall be the capital of the State until 1915. Is that a constitutional provision, provided that you decide to change the location of the capital?

Mr. JONES. It certainly will be if we pass a constitution in line with it.

Mr. KLEPPER. Suppose you do not do so?

Mr. DAVIS. Then we will be where we are now, still knocking at the doors to come in.

Mr. LLOYD. Suppose you adopt in your constitution a provision that Guthrie shall be the capital of your State, and then in six months you should have another constitutional convention, change the constitution, and put in Oklahoma City as the capital, and agree upon it and the people ratify it, would not Oklahoma City be the capital?

Mr. DAVIS. If regularly done under the constitution by an amendment, it would be.

Mr. McGUIRE. One of the questions asked here was whether the Government intended to obligate itself in the treaty stipulations beyond the period of territoryhood. If the committee should construe those stipulations to be that the Government did intend to obligate itself, your position would be that we should stand by that obligation?

Mr. DAVIS. If there was any legal way by which it could be done.

Mr. McGUIRE. If we could legally insert the provision prohibiting the importation, manufacture, or sale of spirituous or malt liquors, then that would be your position in case it should be construed that the Government intended that these treaty stipulations should mean that prohibition should be perpetuated in what is now the Indian country?

Mr. DAVIS. If the State goes ahead in the regular way and passes a constitution in line with what you present here, as long as that remains the constitution of the State of Oklahoma this provision will be enforced. But particularly our position is practically this now: I am neither a prohibitionist nor am I on the other side, nor am I a temperance man. In undertaking to put such a provision in, it is the nature of a force bill. I would say to the gentleman on the other side who have rather the affirmative proposition here that if you

desire prohibition in the Indian Territory you had better write it in the breasts of men than write it upon the statute books, for, as has well been said, it is not law that which may be written upon paper, but that only which is written upon the breasts of men.

Now, the gentlemen on the other side have said, and I believe that they are correct—it is a matter of opinion—that the prohibition provision would carry in both Oklahoma and Indian Territory. If that is true, why not present it in that form; and I suggest this, that the National Congress will keep in effect until the day we are admitted into the Union the Indian Territory liquor law, and in the meantime if the enabling act was passed, why could not these gentlemen go out and make their campaign upon that issue and succeed in electing their delegates to the constitutional convention?

Mr. LLOYD. It is your opinion that that is the sentiment of both Oklahoma and the Indian Territory?

Mr. DAVIS. That is purely problematical. In order that the members of the Committee on the Territories may not misunderstand my position—

Mr. LLOYD. I am not concerned about that. You have been talking about the opinion of your people. Do your people want prohibition?

Mr. DAVIS. I will say this for Indian Territory. I live there. There is a feeling now of resentment against the law amongst the men who would support such a provision, a prohibition provision, for the reason that it is to be done without their consent. What the result would be on a vote upon that question I do not know.

Mr. LLOYD. I would be very glad if you would answer my question.

Mr. DAVIS. I would say this, that in Indian Territory I believe it would carry. I am not acquainted with Oklahoma.

Mr. REID. What would carry?

Mr. DAVIS. Prohibition.

Mr. REID. The people there are in favor of it, in your judgment?

Mr. DAVIS. Yes, sir.

Mr. KLEPPER. I believe you had a constitutional convention at Sequoyah?

Mr. JONES. Yes, sir.

Mr. KLEPPER. I will ask you if this question of prohibition was not submitted there?

Mr. JONES. Yes, sir.

Mr. KLEPPER. Do you remember how the vote was on the proposition?

Mr. DAVIS. I think it was largely in favor of prohibition in the Sequoyah constitutional convention. I was not there, but that was the newspaper report.

Mr. KLEPPER. The vote was 56,279 to 9,073 for prohibition.

Mr. DAVIS. I would say, personally, that my position is this: I am in favor of a provision in the constitution of Oklahoma that the State shall manufacture and sell all intoxicating liquors that are sold in the new State at actual cost, with a local-option clause. That is my position exactly; that the State shall manufacture and sell all liquor that is sold at actual cost, with a local-option clause.

Mr. LLOYD. That is the South Carolina law?

Mr. DAVIS. No, sir.

The CHAIRMAN. I understand that when the gentleman speaks of

the vote for prohibition he means the vote on the proposition to adopt the constitutional provision which contained a prohibition clause?

Mr. DAVIS. Yes, sir; the clause is the Kansas constitutional clause on liquor. It is a very strong clause.

Mr. SWEET. There was no dissenting vote against the prohibition amendment.

Mr. McGUIRE. Mr. Chairman, just one suggestion in that connection. There is untold volumes that were written in connection with that vote, and I am very anxious that the chairman of this committee should not accept that vote as showing how many people were in favor of that constitution. This is aside from the prohibition question. In Oklahoma and the Indian Territory we do not accept that as a vote, and we may have a good deal to say about it. In fact, we challenge that vote.

The CHAIRMAN. We trust that will be made plain.

Mr. McGUIRE. At the proper time, if the committee wants to hear anything on that proposition, I want to be heard very fully.

Mr. DAVIS. The vote at Sequoyah is not an expression of the people. That is the truth of the matter. The question that was put to me was whether the prohibition amendment in that constitution carried. It did upon the vote cast—from a newspaper report. There were about 21,000 votes cast upon that constitution, whereas there are 125,000 votes in the Indian Territory. In my own town there was not a vote cast. There was no election board there at all.

The CHAIRMAN. How many people are there in your town?

Mr. DAVIS. There are 300 votes. There was one little town in the Choctaw Nation where they voted upon the question. The Sequoyah constitution provided that you could only vote for or against the constitution as a whole. There was a great deal of rivalry in regard to county seats and many votes were not cast, and by far 75 per cent of the citizens of Indian Territory are not in favor of the Sequoyah constitution. They are opposed to it—at least 85 per cent.

The CHAIRMAN. How do you arrive at that?

Mr. DAVIS. There were 21,000 votes cast for the Sequoyah constitution out of 125,000 votes in the Indian Territory.

Mr. McGUIRE. You started to mention some incident.

Mr. DAVIS. In the town of Wilburton, Choctaw Nation, they held an election where the question passed upon was whether there should be one State created out of the two Territories or one State of the Indian Territory, and the vote was 1,732 to 43 for one State out of the two Territories.

Mr. LLOYD. The Sequoyah constitution was voted upon in the Indian Territory?

Mr. DAVIS. Yes, sir.

Mr. LLOYD. And that carried by 56,000 to 9,000?

Mr. DAVIS. I do not so understand. I understand that there were 21,000 votes all told polled for and against the Sequoyah constitution.

Mr. BRICK. Ordinarily in every election there is some paramount question that the people are talking about. Was there any in this election?

Mr. DAVIS. The most important question was county seats.

Mr. BRICK. Was the prohibition question or the liquor question one of the burning matters in this election or was it something else?

Mr. DAVIS. It was not so considered, generally speaking. The gen-

tlemen on the other side—I remember one of them, Mr. Sweet—said that it was their desire to get this provision into the bill so that they may have the right of advantage. I think that is wrong. They should rather say in the place of “right of advantage” that they simply want the “advantage of right.”

Gentlemen of the committee, I hope that you may see your way clear in the interest of statehood to pass a bill without any provision whatever, but if you do see fit to put in a provision I hope that you will keep simply in line with your treaty obligation, which is solely for the protection of the Indians in the Indian Territory. If you do that and go no further you keep within your treaty obligation. I thank you.

Mr. JONES. Mr. Chairman and gentlemen of the committee, as to the question of the constitutional right of this committee or of Congress, that is not a matter that concerns us, and the question as to inserting a prohibition amendment in this bill is not a question for us to debate here. You gentlemen know what is constitutional, and it is not a question for us to discuss as to whether you have the right or not. That is a matter for you gentlemen to settle, because you have all the treaties and laws and that is a matter which you will settle. We are perfectly willing to leave the matter with you gentlemen and to abide by your decision.

I now wish to introduce to you Mr. Marum.

STATEMENT OF MR. DAVID P. MARUM, OF WOODWARD, OKLA.

Mr. MARUM. Mr. Chairman and gentlemen of the committee, I am a lawyer. I have lived in Oklahoma since 1885, legally. I was what was known as a “legal sooner” in the Government’s employ. I saw that beautiful land which Washington Irving describes and I located there.

Oklahoma is our child. We hope that this committee will not recommend, and that the discredit shall go out to the world, that Oklahoma and the Indian Territory are not fit to accept statehood and to frame and adopt a constitution that will give to every citizen, white, black, or red, the rights and protection that the constitution gives him.

I am not going to argue the question as to what the constitutional right of this body is. I am a witness. I want to tell you what we have done in Oklahoma. I do that because from my old State, New York, where I was born, went up the cry that they would trust the Indian Territory, but they were afraid of Oklahoma. Gentlemen, the only thing by which you can judge Oklahoma is by what Oklahoma has done. Has she been good? Has she been bad? The first thing that Oklahoma did in 1889 was to establish schools and churches in every part of that community.

We have churches every place. We have educational institutions where all can go. We have educational institutions for the colored man as good as Booker Washington’s institution. We have universities and colleges, everything that any State has. We have a liquor law, the harshest that there is in the United States. We are not in favor of the unlimited sale of liquor without protection. By our law the owner of the building and the proprietor of the saloon are held

responsible for any damage done by a man who buys liquor at that saloon. The habitual drunkard and the minor can not get liquor to drink in Oklahoma from any licensed liquor dealer. In Oklahoma a licensed liquor dealer is not allowed to sit on a jury. That is a provision that exists in very few States. The people of Oklahoma are not liquor people; they are as good Christian temperance people as there are in the world, but they want to settle this question themselves, and I would say to this committee that a constitutional provision for local option would be adopted in Oklahoma, while enforced prohibition would be voted down.

We have prohibition and have it in plenty, and you will find, gentlemen, if you look over the receipts of the Internal Revenue Department, that Oklahoma with half the population of a neighboring State has 1,100 places that pay taxes to the United States for revenue, while in the prohibition State with about double the population there are 3,420 places which pay taxes to the Government of the United States as retail liquor dealers, so that they can evade coming into conflict with the strong arm of the United States for violating the revenue laws.

If it should be the sense of this committee and the Congress of the United States to give us prohibition, give us prohibition straight and pass at the same time, gentlemen, a law prohibiting the Government of the United States from granting liquor licenses. Do not give us the drug-store joint. Do not put that on us. A place where a man, if he will hold up his hand and swear to a lie, can get all the whisky he wants. Give us prohibition straight if you are going to give it to us at all. Do not put the burden upon Oklahoma of prosecuting violation of prohibition laws. Leave it where it belongs. Let the United States revenue department prosecute violations of that law. Be consistent.

One of the hardest propositions we have is taxes. We pay 2½ per cent for schools. If we have to prosecute every little violation of the prohibition law we will not have any money left to give to the schools. We want our schools. I yet have to see an educated Indian who was a drunkard. Many things have been said about the Indians before this committee. We have more Indians in Oklahoma than there are in the Indian Territory. We have the blanket Indian in Oklahoma. Under our law they are protected. They get no whisky. I would then suggest that the civilized Indian or the man with Indian blood should not be included with the blanket Indian. There are Indians here who would like to speak to this committee, and they can do so intelligently.

Mr. DINWIDDIE. I would like to ask the Judge a question out of our time, if I may be permitted. Mr. Chairman?

The CHAIRMAN. Without objection.

Mr. DINWIDDIE. I understand that the Judge makes the suggestion that the people of the Indian Territory, or at least Oklahoma, would accept a proposition for local option or some other method of control, but that he does not think they would like enforced prohibition. Is there any way by which we can find out which would be acceptable?

Mr. MARUM. I will answer the question if you will put it in such shape that I can answer it.

Mr. DINWIDDIE. I will ask you the question whether you would accept a provision in the constitution for local option?

Mr. MARUM. That we shall submit the question to the people?

Mr. DINWIDDIE. No; in the enabling act.

Mr. MARUM. I do not think we can do that.

Mr. DINWIDDIE. Your remarks indicated that you would be willing to accept that. I understood you to say that the United States Government licensed people to sell liquor down there.

Mr. MARUM. That is a technical point. I know they call it collecting taxes, but there is no difference, because if they pay the taxes they are relieved from prosecution for violating the internal-revenue laws.

Mr. DINWIDDIE. I take it that the Judge has not read the section carefully. I think it is 3263, which specifically says that the payment of \$25 special tax does not exempt a man for the violation of a local or State law, and it is printed upon the special tax receipt in red ink, across the special receipt, that it does not so exempt a man. The United States Government not only does not do it, but constitutionally the United States Government can not in a State grant a license to a man to sell liquor.

Mr. MARUM. If they would refuse to sell tax receipts then the prosecution would be for violating the revenue law of the United States instead of violating our law, and our people would not have to bear the expense.

Mr. WEBB. The United States protects them from prosecution by the United States instead of by the State?

Mr. MARUM. Yes, sir. I can best illustrate the conditions in regard to the enforcement of law in Oklahoma Territory by telling an incident that happened in the district court of Woodward County one year ago. We have in that county a population of 50,000 people. The county is located in the west part of the Cherokee outlet, bounded on the west by the Panhandle of Texas and on the north by western Kansas. Many of the citizens of that county came from these localities. We have in Oklahoma a grand-jury system, and under our laws the grand jury has to present indictments in all felony cases. After an absence from the county of any district court or grand jury for six months, the grand jury was organized and given the usual instructions that judges give to grand jurors, and after a careful investigation of the conditions existing in the county and the management of county affairs, they made their report to the court after an expiration of three days that they had found no indictments against any of the 50,000 people living in Woodward County. To commemorate this event the attorneys of the bar presented to the presiding judge (following the old English custom) a pair of white gloves. We think that an event such as this is very rare in any county in the United States that maintains a grand-jury system, and think that it affords the best evidence to this committee that our judiciary enforces the laws, and that the people of Oklahoma are respecters of the laws that they themselves enact, and is the best argument in favor of intrusting the people of Oklahoma with the formation of their own constitution, without restriction, and in the manner that other States were permitted to do.

Mr. JONES. I would like to call on Mr. Russell, of Ardmore, Ind. T.

STATEMENT OF MR. S. H. RUSSELL, ARDMORE, IND. T.

Mr. RUSSELL. I have been practicing law about thirty years. Mr. Chairman and gentlemen of the committee, the proposition is this: Are you going to give, in the enactment of the law providing for the admission of Oklahoma into the Union, the same right that any other State enjoys; are you going to delegate to her such rights as she is entitled to as a State having a republican form of government? The question is not as to your ability to put this clause into the enabling act. I concede that, so far as I am concerned, absolutely, but the question is, Is it right in principle to do so? If you put this provision in the enabling act, you deprive the people of Oklahoma, who desire to act in good faith, of an opportunity to act upon that question. When they accept your provision they accept a contract with you, and they should not seek to disturb that relation. I hope you will leave this matter open for the people of Oklahoma to say whether they want to have prohibition like they do in any other State. That is the question here.

Another thing, I understood our friend who opened the argument the other day to say that if the Indian Territory was alone involved in seeking admission—here is his proposition—then they would not insist upon this clause in the enabling act. Why? Because the Indian Territory would be sure to adopt a clause of that sort in her constitution. This is the whole matter. They want to protect these poor Indians, but they also want to make the conditions for all of us, and insist upon this clause in the enabling act. Another thing, whether the Indian Territory will approve prohibition or not is a mere matter of speculation. I have given my opinion about it. I think our friend did say the other day that it was about two to one, maybe three to one, in favor of it.

The question is this, are you going to treat this great sovereign State in the same way as every other sovereign State in the Union should be treated, or are you going to discredit her at the very outset and say, "We can not trust you all on this moral question, and we will make you swallow that which you would not otherwise swallow if you had an utterance as American citizens." And so that is the proposition here.

I hold in my hand a corkscrew, the only one I possess. A friend of mine from Maine gave me it; not that I have any use for it, but I am simply keeping it as a souvenir.

Mr. CAPRON. You might give that to the governor if you have no further use for it.

Mr. RUSSELL. I will give it to Governor Powers, and I hope he will keep it for thirty or forty years.

Mr. POWERS. While in Maine I should have no use for it, but if I visited your Territory again, as I have on several occasions, I might want it.

Mr. RUSSELL. I will save it for you. Coming back to the other proposition, I do not know how the people of the Territory would vote on this question; no other man knows. I am pretty well acquainted with them. I know that this one has his opinion and so has that one, but the important question is this, If we are entitled to come in as a State, the liquor question should not be the gauge of our

capacity to govern ourselves. Leave this question for the people of the State to determine as to what they think about it. When you get outside the churches and outside the saloons, that is the best way to get the true sentiment. Of course the church has a fanatical sentiment and the saloon has a fanatical sentiment, but go to the people who do not drink and who do not stagger upon the streets, and in the rural districts, and get their opinion. They will tell you this, that they ought to be treated like the people of any other State are treated.

You know, Mr. Chairman, that Ardmore is the biggest town in the Indian Territory, save one, that is Muskogee, and she is only bigger because the Government has been patronizing her. They did not hold an election in Ardmore, and in four or five other big towns in the Territory they would not do it. It was only in those places where there was a rivalry for the county seats. They were told that they could not vote for the county seat in mapping out the Territorial lines unless they swallowed the constitution—that is, unless we swallowed prohibition—and they voted for that constitution in order to get an opportunity to vote whether they should have the county seat.

Mr. BRICK. The county seat was the burning question?

Mr. RUSSELL. The only question. I will leave it to any man to state upon his honor before this committee if that was not the only question.

We came to that country from all the States in the Union. We have the grandest Territory on the face of the earth for a State. We are about equally divided. I want to say that God never gave breath to a man in any country on this earth, a man who breathes more like a man than the men in Oklahoma and Indian Territory. That is the fact. But give us a State free from these provisions so that with honor to herself and honor to the great Government that has the right to say we may come in. I thank you sincerely.

Mr. DINWIDDIE. I would like to introduce Mr. W. W. Hastings.

Mr. SWEET. Mr. Hastings is an attorney and a Cherokee Indian.

STATEMENT OF MR. W. W. HASTINGS.

Mr. HASTINGS. Mr. Chairman and gentlemen of the committee, it certainly affords me very great pleasure to appear before this committee upon this great question this morning. I believe that it has been conceded that the treaty stipulations heretofore entered into placed a moral obligation upon the Government of the United States to maintain prohibition throughout the Five Civilized Tribes in the Indian Territory. I believe it is conceded by all parties that Congress has the constitutional right to require the new State to have a clause containing prohibition. I believe that all parties here have conceded that.

Now, gentlemen of the committee, by way of introduction, I will say that for fifteen years I have almost continuously represented the Cherokee people. I am a part Cherokee by blood. I have lived in the Cherokee territory all my life, and for the past five years I have continuously represented the Cherokee people before the Commission to the Five Civilized Tribes in winding up our affairs. I have for some time in part represented the Cherokee Nation here during sessions of Congress and am now a member of a Cherokee delegation. I

beg the pardon of this committee for making this reference, but I do it to show the committee that I have some authority at least to speak for the Cherokee people.

I want to say to you that it is practically the unanimous opinion, the unanimous prayer, of the Cherokee people that a prohibition clause be inserted in the constitution of the new State. It makes no difference, gentlemen of the committee, what may be your opinion in Michigan or what might be your opinion in Maine or in Vermont. I beg that you will turn your eyes to the conditions in the Indian Territory. There the Indians did own up to three years ago every single, solitary foot of land within the Five Civilized Tribes. Go to any State in the Union, and where do you find that condition to exist? Down in the Indian Territory we have 31,400 square miles of land, and up to three years ago not a foot of that land could be alienated to a non-citizen, but the title was kept in the Indians themselves. Now, I concede that for not only some three or four years, but it has been the policy of the great Government of the United States to educate those Indians for at least three-quarters of a century, so as to bring them up and make them citizens of this great Government.

Citizenship is now about to be conferred upon them. Their land is being allotted and allotment has been in progress for the past three or four or five years. It will soon be completed and patents will be given them. The right to alienate a portion of the land is to be conferred upon them by statute. The request was made of other committees here that Congress should increase the right of alienation; and let me beg this committee, let me warn you now, that if this State is formed without a clause requiring prohibition I say that these Indians will be robbed of their lands and will be turned out of their own homes. Let me say to you, gentlemen of the committee, that I am earnest in the belief that throughout the Cherokee Nation nine-tenths of the Cherokee citizens are in favor of a prohibition clause in this constitution.

Now, it will be argued that we can take care of this question at home. Let us look at that for a moment. There are about 80,000 Indians in the Five Civilized Tribes, or about 20,000 votes. I grant you if you will require a vote of those people, of the Indians and of the whites who have been in there long enough to be in sympathy with them, that this prohibition clause would be carried by ninety per cent, but I do not know, gentlemen of the committee, what would be the result of a vote upon the prohibition question if all the new influx of population were allowed to vote upon it, including new arrivals who are not in sympathy with the Indians; but if you require it to be placed in this constitution, if it is now required to be made a part of the organic law, let me say that after the formative stage is over, when the people have settled down to the second sober thought, let me tell you, gentlemen of the committee, that such a clause in the constitution will never be taken out. I say, Mr. Chairman and gentlemen of the committee, it is the Indians of the country that ought to be protected. They want and deserve to be protected within the next few years, and after that time I believe that they will be able to protect themselves. I believe the people who come in there will see the necessity of maintaining the prohibition clause and that it will be retained in the constitution.

The CHAIRMAN. I would like to ask you a question. What would you say to a suggestion that the enabling act contain a clause that the constitution of the proposed State should limit the sale, barter, giving away, etc., of liquors to the present limits of the Indian Territory and Indian reservations within the proposed State of Oklahoma, with a view to performing whatever moral obligation this Government would be under to the Indians in this behalf?

Mr. HASTINGS. I am very glad to answer that question. If that can be constitutionally done—and I have some doubts as to whether the constitution could be so framed as to make prohibition in one part of a State and not in another—but if it can be done, and if in the judgment of this committee and Congress it can be done, so far as I am concerned, representing the Indians in the Indian Territory, I should be perfectly willing to have it binding upon them and upon no one else; but the antiprohibitionists in the other part of the State will be a constant menace to this provision, and by a union with the minority on Indian Territory side could more easily amend the constitution.

Mr. MCKINNEY. I have understood you to say that you have acted as the representative of the Cherokee people for some years?

Mr. HASTINGS. Yes, sir.

Mr. MCKINNEY. In these treaties?

Mr. HASTINGS. Yes, sir. I assisted in writing the first one in 1899, and I have been more or less connected with every one entered into since.

Mr. MCKINNEY. In these treaties leading up to the tribal relations there was a clause in regard to the prohibition of the manufacture and sale of liquor within the lands of these tribes. Was it your understanding that that obligation on the part of the Government expired on the 4th day of next March?

Mr. HASTINGS. Unquestionably all treaty obligations expire on the 4th day of March, but I want to add that I believe there is a moral obligation upon the Congress of the United States aside from treaty stipulations to see that these Indians who own their lands shall be protected against their own appetites, because it has been the policy of the Government for the past three-quarters of a century to so protect them. A treaty obligation is only a legal obligation. It is only a moral obligation in the sense that the Indians can not compel their observance. It is one that Congress can annul at any time, and has so been decided by the Supreme Court of the United States in a number of cases.

I want to say to this committee that I was a member of the Sequoyah constitutional convention. There have been a good many remarks made derogatory of that convention, and inasmuch as I was chairman of the subcommittee that drafted the constitution and inasmuch as I took an active part in it, I want to say that I am ready to defend that convention and am ready to answer any question that any member of this committee desires to ask. I am ready here to say that the prohibition clause which was inserted in that constitution passed the constitutional convention unanimously. I want to say that all of the governors of the Five Civilized Tribes were represented. I want to say that the Indians were represented and that the whites were represented. It was the unanimous sentiment of that convention that there ought to be a prohibitory clause in the new con-

stitution, and a very stringent one was inserted in the one that was presented to the people for a vote.

And I want to say that while there were only 65,000 votes cast upon that constitution, it was like an off election in your States. The President was quoted as being against separate statehood. Nearly every member about this table was quoted in flaming headlines throughout all that country as being opposed to a separate State, and the question was not fairly and squarely put down there as to whether those people were in favor of separate statehood or joint statehood. If that question were submitted, and I dare those people to allow it to be submitted, as to whether they are in favor of separate statehood, if you will give us that right, separate statehood will carry by at least a three-fourths vote. Their only argument was that separate statehood was impossible, and for that reason a good many people stayed away and did not vote.

The CHAIRMAN. I suggest if the committee desires to hear Mr. Hastings further that we hear him at the next meeting of the committee, as it is important now for the full committee to hear a report of a subcommittee upon another bill.

Thereupon the committee took a recess until 2.30 o'clock p. m.

AFTER RECESS.

The committee met pursuant to adjournment.

The CHAIRMAN. You may proceed, Mr. Hastings.

Mr. CAPRON. Before the gentleman proceeds, in order that we may have a full understanding as regards the hearings, I move that the hearing in regard to the prohibition matter involved in this statehood bill close with this day's session.

The motion was agreed to.

STATEMENT OF MR. W. W. HASTINGS—Continued.

Mr. HASTINGS. Mr. Chairman and gentlemen of the committee, I appreciate very much the extension of time that was granted me this morning. I want to say to the committee this afternoon that I only digressed a step from the prohibition question to speak about the formation of the Sequoyah constitution, not that I thought it was before the committee, but for the reason that there had been some statements made on the side that I felt, as a representative of the Indian Territory and as a member of that convention, should not be permitted to pass unchallenged, and for that reason I digressed from the statement that I was making with reference to prohibition and made some observations with reference to the action of the constitutional convention that framed the Sequoyah constitution and put it to a vote.

But, Mr. Chairman and gentlemen of the committee, I will return now and briefly restate my position and, perhaps, make one or two additional statements upon the prohibition proposition. I think that this question, inasmuch as the Indian at one time owned all of the land on the American continent, inasmuch as he has practically given away his land to meet the demands of Anglo-Saxon civilization, until his domain has been decreased to the small area of land within the bounds of the Indian Territory, inasmuch as he is now

asked to give up his tribal relations, inasmuch as he is about to give them up, and inasmuch as he is going to take the burdens of American citizenship, we feel like he ought to have some special protection at the hands of the Congress of the United States. And inasmuch as Congress does not feel that he ought to be made a full-fledged citizen in the sense that he is not permitted to alienate all of his land that some protection ought to be thrown around him, and inasmuch as for the past three-quarters of a century the Congress of the United States has seen fit to insist upon strict prohibitory laws being enforced within his Territory, we say that it is morally incumbent upon the Congress of the United States to see that a prohibition provision is inserted in this new constitution.

Now, Mr. Chairman and gentlemen of the committee, I know from practice before the United States courts in the Indian country, and I know from the instructions of the judges to the grand juries, that nine-tenths of the crimes of the Indians for which they are indicted and tried before those courts are either for the violation of the whisky laws or those crimes which flow from that violation, and the records of the court show it. If it is a case of larceny, it is directly traceable, Mr. Chairman and gentlemen of the committee, to his desire for whisky, and the theft of something and the disposition of it is in order to enable him to buy whisky. Now, another argument was introduced here yesterday suggesting that whisky be prohibited from being sold to the Indians alone. You can see that that is entirely impracticable.

Suppose you go down into one of these towns, can a barkeeper keep a roll of every member of all these tribes and when one of us fair as I am walks up to the counter to take a drink run and get his roll to determine whether or not he is permitted to sell it to him? I say that is impracticable. It can not be enforced in that country. I say that the only way to enforce it is to require the new State to have a provision in its constitution prohibiting the introduction and the sale of liquor into that new State. It has been argued that that can not be enforced. Let me say that we have such a law in the Indian Territory at the present time, and I want to say that it has been enforced since the Federal Congress has had control of that country, and it is enforced to-day, and let me say to you that I regard that assertion as a slander upon the good citizenship of the people of Oklahoma and the Indian Territory. If you say that the standard of citizenship of that country is not high enough because some of them do not believe in prohibition, not to enforce a law that was enacted, it would be to say that their citizenship was very low, and if their citizenship is that low, then I say that they ought not to be admitted as a State of this Union.

To reiterate what I said this morning, if this clause is now made a part of the organic law when conditions get settled in that country, when the new immigration comes in and they get in sympathy with the Indians, when they understand that it is for the best interests of the Indians, I say it will never be taken out; but if we vote upon it now, with thousands of those people who never saw an Indian in their lives, who do not know anything about the Indians, and thousands of people in those towns never saw an Indian in the Indian Territory, if the question were presented to that class before they got in a settled condition they might vote out this question of prohi-

bition, which I think is so vital to the welfare of the Indians in that country.

I want to say that the Indian governors—Chief W. C. Rogers, from the Cherokee Nation; Chief Pleasant Porter, of the Creek Nation—and every single, solitary delegation, every Indian delegate in the city of Washington, is behind and agree with me upon this question, and none of them are religious fanatics, as the friends of prohibition are sometimes called, upon this question of prohibition. Every single representative of the Indian tribes in the city of Washington representing these people is in favor and insists upon a prohibition clause being inserted in the constitution, and every time the Indians have spoken by resolution, act, or treaty they have demanded and insisted upon it.

Mr. WEBB. Would you be satisfied and would your people be satisfied with a provision in the constitution prohibiting the sale, manufacture, and dealing in whisky within the territory now occupied by the Indians?

Mr. HASTINGS. I answered that question this morning—that so far as I am concerned—I have nothing to do with Oklahoma—I would be, speaking personally, except, as I stated, the saloon element in Oklahoma would always be a menace to this provision, and then I suggested there is some doubt as to whether it could be done constitutionally.

The CHAIRMAN. And the prohibition should also extend to the Indian reservations in the States.

Mr. WEBB. Yes, sir; I meant that also.

Mr. LLOYD. I would like to ask the unanimous consent of the committee that my colleague from Missouri, Mr. Murphy, who is quite familiar with the conditions in the Indian Territory, be permitted to have ten minutes to address this committee at the present time, and that the ten minutes be not counted against either side of this proposition.

The motion was agreed to.

STATEMENT OF HON. ARTHUR P. MURPHY, OF MISSOURI.

Mr. MURPHY. Mr. Chairman and gentlemen of the committee, I came to Washington as an exponent of the Sequoyah idea. I advocated it because I believed it was right and because I believed that the Government should pay their obligations to the Indians of that country at par. That has been decided against me—practically so. I was selected as the member of Congress who should introduce the Sequoyah bill, and, failing to get the Sequoyah bill, it is my duty to get as much as we can incorporated into the enabling act of Oklahoma, in justice to the people of that country, as was voted upon and carried by them in their constitutional election. One of those provisions was prohibition. The Government has been dealing with the Indians by treaties for a great many years. I believe for seventy years they have absolutely prohibited even the introduction of a drop of liquor into the Indian Territory. In every treaty, I believe, that has ever been made there has been incorporated the provision that the Government would maintain strict laws with respect to prohibition in the Indian Territory. Those treaties, as the Supreme Court of the United States has decided, should be interpreted as the Indians

understood them at the time they were made, and in the case of *Jones v. Meechan* (175 U. S., p. 1) it is said:

In construing any treaty between the United States and an Indian tribe it must be borne in mind that the negotiations for the treaty are conducted on the part of the United States, an enlightened and powerful nation, by representatives skilled in diplomacy, masters of a written language, understanding the modes and forms of creating the various technical estates known to their law, and assisted by an interpreter employed by themselves; that the treaty is drawn up by them and in their own language; that the Indians, on the other hand, are a weak and dependent people, who have no written language and are wholly unfamiliar with all the forms of legal expression, and whose only knowledge of the terms in which the treaty is framed is that imparted to them by the interpreter employed by the United States, and that the treaty must therefore be construed, not according to the technical meaning of its words to learned lawyers, but in the sense in which they would naturally be understood by the Indians.

When the Curtis bill was passed it was for the purpose of allotting the lands in the Indian Territory that they might be formed into a State, and afterwards, in 1901, a treaty was made with the Creeks that they consented to the allotment of their lands for the purpose of being formed into a State. A provision was incorporated in that treaty that strict laws in regard to prohibition should be maintained in that country. The Indians understood it. I know from five years' experience as attorney for one of the tribes that they understood it, that when they were brought in as a State they were to have absolute prohibition.

Now, who is back of this movement here to take liquor into the Indian Territory? I believe it is a set of attorneys for the railroad companies, who will haul beer by the carload in there, and the Brewers' Association, with headquarters in the State of Missouri. I received last night a telegram from the Missouri State Brewers' Association which I want to go on record before this committee:

ST. LOUIS, MO., December 14, 1905.

HON. ARTHUR P. MURPHY,
House of Representatives, Washington, D. C.:

All the brewing firms of Missouri instruct me to kindly request you to vote against and use your influence to induce your colleagues to do likewise on the amendment proposed by Mr. Gallinger to foist prohibition on the Oklahoma statehood bill, which is to be voted upon at the caucus of the Republicans, supposed to be held this day.

MISSOURI STATE BREWERS' ASSOCIATION,
By PHILIP STOCK, *Secretary*.

Who is Phil. Stock? The man who has been corrupting Missouri legislatures and the city council of the city of St. Louis, and some of his men are now serving terms in the State penitentiary.

The CHAIRMAN. There was no proposition in the Republican caucus of the kind you suggest.

Mr. MURPHY. It was not submitted to the Republican caucus. I would not submit it on Phil. Stock's word. The men that Phil. Stock has corrupted are now in the Missouri penitentiary and he is going free on account of turning State's evidence.

Now, the Government has maintained prohibition there for all this time because it was right. If it was right then it is right now. If it is wrong now it has been wrong all the time. That is all that the people down there ask, that the Government keep faith with the Indians and pay our obligations at par. They have agreed to main-

tain prohibition in that country, and we say they ought to do it. Do not let it extend around the Indian country and around the Indian reservations. I will tell you when you do that you will find them here with a drug store bill to foist on the people of that country—the whisky drug store, the worst hell hole on the face of God's earth. Why does Oklahoma ask to come in with the bridle off? That is what they are asking, to come in with the bridle off. They are asking for the capital of the State, and the newspapers there are asking for everything and they want to give the Indian Territory nothing. There was something said here this morning about the vote on the constitution. I believe the vote was mentioned here, 56,279 for and 9,073 against. The constitution contains the most stringent provision that has ever been adopted in any State, and it is almost identically a copy of the United States law now in force.

One or two gentlemen have said that at some towns no election was held. I was there, and I know what I am talking about. I will tell you why no election was held—because the people who were opposed to prohibition, who were opposed to the constitution, wrote to the election board and asked them to send them the ballot boxes and the ballots and make them judges of the election, which they did, and they took the ballot boxes and the ballots and carried them off and would allow no election to be held in 60 precincts in the Indian Territory. That is the reason there was no election held in 60 precincts in the Indian Territory.

There is another thing. That constitutional convention was called by the five chiefs of the Five Civilized Tribes, and contained white, black, and red people, I believe; all were represented. That convention was composed of the best men that the Indian Territory affords, and when the constitution was framed the best material in the Indian Territory was placed upon the committees, and I say that the men who passed upon those election returns and who passed upon the election were men of unimpeachable integrity, and that no better citizens live upon the face of the earth.

Why are these people and these Indians here asking this Congress to protect them against liquor in that country? They are asking it because it is right, because we have agreed to do it, and because we ought to do it.

I wanted to mention something along county lines down there, which I understand will not be taken up and which I do not wish to urge only in this: As Oklahoma is asking for everything, I believe that the people of the Indian Territory ought to at least be given their territorial divisions and county seats as they voted upon them in that constitutional election, because if you do not do it, when they get over there this Oklahoma gang will form it all for them, and they will have nothing on God's earth to save them. I want to submit—

The CHAIRMAN. I am obliged to suggest that the gentleman's time is slipping by.

Mr. COLE. In this election upon the constitution, was the liquor question one of the issues of the campaign?

Mr. MURPHY. Yes, sir. It was one of the issues of the campaign, and was the one most talked about in that constitutional convention.

Mr. COLE. Another question, Mr. Murphy. Have you any evidence

to substantiate your statement—I do not question your statement at all—have you any further evidence to prove that in all these precincts no election was held?

Mr. MURPHY. There was a return to be sent to Congress of the election there, showing the various precincts that voted. I think I can produce the evidence to show why the election was not held in those precincts, and in regard to the prohibition question, I have the constitution of Sequoyah here. It was published in all the papers, and it was voted on there.

Mr. MCKINNEY. The prohibition question was voted on separately?

Mr. MURPHY. No; the constitution was voted on as a whole. That is my understanding, but in the convention it was unanimously adopted.

While attorney for the Creek Nation, I want to say to you, I was called upon to pass upon more leases that were obtained by the use of whisky and that they wanted to set aside than almost any other question—in a clandestine manner, of course, so that the courts could not reach them. I knew of real estate men throughout that country who maintained a bottle for the purpose of brokering leases from these Indians. I merely suggest that to show you that an Indian is powerless within the grasp of liquor.

ADDITIONAL STATEMENT OF MR. C. G. JONES.

Mr. JONES. I wish to state my position in this matter so that it will go into the record. I want to state my position in this matter, and the position that I occupy, and why I ought to know something about this matter. I beg the pardon of the committee if I have to use the pronoun "I" once in a while.

There was a convention called at Oklahoma City for the 12th day of July, 1905 consisting of 1,000 delegates, 500 from Oklahoma and 500 from the Indian Territory, and the 500 from each were selected at mass conventions held in each recording district in the Indian Territory and in each county at the county seat in Oklahoma. At that convention there were 1,000 seats, and I wish to state to you that every seat was occupied by a delegate. I submit this to you gentlemen that any gentleman either a member of this committee or anyone else who was at that convention and looked into the faces of the thousand men from Oklahoma and the Indian Territory would not question for one minute that every one of them was competent of self-government. I was chairman of the executive committee and have been since its organization. I signed the call for the first statehood convention that was ever held in Oklahoma or Indian Territory, and in the convention at Oklahoma City the resolution was submitted to the convention by 53 committeemen, 1 from each county and 1 from each recording district and 1 at large.

There was a number of Indians in that convention and there was a number of Indians on the committee on resolutions. That committee was composed of some of the best men, or as good men, as there are in the two Territories, and the resolution was unanimously adopted without a dissenting voice by a thousand delegates, from a thousand different places in those two Territories. I will read the resolution:

We the 1,000 delegates, representing the million and a half of American citizens who reside in Oklahoma and Indian Territories, do hereby declare, in con-

vention assembled, that said Territories are entitled to, and of right ought to, be immediately admitted into the American Union as one free and independent State, on terms of equality between themselves, and on an equal footing with the other States.

That was one of the first sections of the resolution. Now, Mr. Chairman, I wish to say this: Here are 138 delegates from 138 different places in the Indian Territory and Oklahoma, being 83 from the Indian Territory and 55 from Oklahoma Territory. There [exhibiting paper] are the names and their locations, their addresses, and I have found 4 out of the 138—do not understand me to say that there are no more, but I have given their names—only 4 out of 138 who would state to you that they want you to insert in this bill prohibition for Oklahoma and the Indian Territory, and I say to you that the balance of them, and there is not one president of a railroad company, not one man who represents any brewery in any way, shape, form, or fashion that I know of, and if there is anyone here, I would ask him to rise and tell his name. We are not here representing any breweries or representing any railroads that haul beer by the carloads. I want to say to you, Mr. Chairman, that it would be the least of my thoughts. I have dealt with the Indians and I have been in every hole and corner in the two Territories.

I want to say, as God is my judge, I never heard that suggestion made in all this fight. I am here as an American citizen, as a citizen from Oklahoma, asking for joint statehood, because I believe it is to the best interests of the two Territories to have it that way, and so far as this prohibition question is concerned, if you gentlemen around this table and the Congress, Senate, and President feel that it is your duty, that you are under any obligation, either by treaty or otherwise, moral, religious, to protect the Indians down there by throwing around them any protective arm or putting a provision in the law by which you can protect them from whisky, do it. I think that I am voicing the sentiment of 138 men when I tell you that. We are only asking for what a thousand men from a thousand places have asked. I think that what this committee wants to know is what the people of Oklahoma and Indian Territory want. It is not our place to come here and tell you what is constitutional or what the Indian treaties are. You know what they are better than we do. You are constitutional lawyers, some of you, and you have the Constitution here. Give us statehood. Give us one State as American citizens ought to have and let us make our laws and police regulations, and I say to you gentlemen that I believe we will try to enforce them.

The gentleman has said one thing, that the Sequoyah matter is entirely foreign to this. It is almost as foreign as infant baptism or foreordination. Let that be as it may. He said that they did not vote upon this question; they did not vote upon the question for or against joint statehood. Why didn't they when there were delegates from every district, every county, and ever recording district on the 4th day of September, if I am not mistaken as to the date, and I, as chairman of that committee, received the message signed by Mr. Baker as chairman of the campaign committee of the Sequoyah campaign, and you Congressmen know what that means. You have met those fellows, challenging us to a joint debate upon the question. I answered immediately, saying: "If you will submit to the voters of the Indian Territory the question of single or joint statehood, we will meet at

any place and have this question debated to your satisfaction." They refused to do it. We asked them to divide the election boards like they do, Mr. Chairman, in the great Republican State of Pennsylvania and like they do in the great Democratic State of Texas. You know and I know that they divide the election boards. They would not do it. They said, "We are going to make the election machine and we will run it as we please." And I say as a matter of fact to you candidly, as God is my judge, that I never heard of one of the ballot boxes or anything else that was sent to a board down there that anybody took and hid and kept from having an election. Here, right in this room, are men from all over the country. If any of you know of such a thing I ask you to rise and speak.

(Cries of "Nothing in it" and "Never heard of it before.")

Mr. JONES. In one of the places—Ardmore—I can name a gentleman who knows that they never opened the polls, a "rough rider," and I know nobody will question his veracity; I refer to Mr. C. E. Hunter. There is Mr. Barefoot. I know no one will question his veracity. I will ask him if it was a question of prohibition, or what was the question? I will answer that. Why did you not open the polls? Because you wanted one State out of Oklahoma and the Indian Territory and considered the Sequoyah proposition a mere farce and did not want to vote on it at all.

I have had more correspondence, I say without fear of successful contradiction, except the gentleman who represents us, our Delegate in Congress, than any other 20 men in the Territories, and I have never heard one question or hint in the whole Sequoyah fight whether or not it was prohibition, and I did not know whether the question of prohibition was in the constitution. It was not an issue at all. The issue was on county seats. There were some people who wanted to go to the United States Senate, and wanted one chance out of four instead of one chance out of two. Largely that is the case.

I want to again repeat that not a man out of the 138 has ever said that he was in any way, directly or indirectly, connected with any brewery, and no man connected with any brewery has ever suggested to me that I come here and present my views on this question, and when I express my views I express them with authority from a convention of a thousand delegates from a thousand different places, and I say to you that there is a petition petitioning you to leave this question to us, and I have 18,250 signers. I have the petition in my room at the National Hotel, and in the course of ten days I will have 60,000 signers asking you to do so, and then you will do just what you are going to do anyhow—do as you please.

Mr. DINWIDDIE. I want to introduce at this time Mrs. Margaret Dye Ellis, legislative superintendent of the National Woman's Christian Temperance Union, who will speak for that organization.

STATEMENT OF MRS. MARGARET DYE ELLIS, LEGISLATIVE SUPERINTENDENT, NATIONAL WOMAN'S CHRISTIAN TEMPERANCE UNION.

Mrs. ELLIS. Mr. Chairman and gentlemen of the committee, I do not need to apologize for being here, for a large factor that has helped to make Oklahoma and the Indian Territory fit for statehood needs to be represented in this room, the women of the Southwest, and as

their representative I am here before you. That is why I stayed here all day Wednesday, because I represent those women whom this delegation love, down there, these blessed women who left their homes and went to that southwestern country, and have gone through all the deprivations of pioneer life, and have reared their children in difficulties such as we women of the East know nothing of, women who established homes in tents and shacks and cabins, and as I have gone through this bill it has touched me, you men of Oklahoma and Indian Territory, that not one word is expressed concerning these women. They have helped make that great country what it is to-day.

What is it that made Oklahoma great? Is it because of its marvelous growth? Is it because of its fertile soil? Is it because of the wonderful thrift and enterprise of the citizens of that great Territory? I believe the greatest factor has been the homes established. Some of you gentlemen have brought it out as a point that certain men who favored prohibition were not fanatical concerning religion. Are you not glad that woman has brought her children to know, honor, and regard the God whom we all serve? And so it has hurt me a little that in this bill there is not one word about women. It is "race" and "color," but sex is nowhere spoken of.

Now, here is Indian Territory, with its great population of over 300,000, as I have understood, with 24,000 full bloods and over 60,000 half-breeds.

The CHAIRMAN. How many full bloods?

Mrs. ELLIS. Twenty-four thousand.

The CHAIRMAN. The Dawes Commission I do not think stated that there were as many as that.

Mrs. ELLIS. Doctor Murrow, who has been a missionary in the Indian Territory for many years, is here, and I will ask him how many Indians—full bloods—he understands there are in the Territory.

Doctor MURROW. There are 24,000 full bloods.

The CHAIRMAN. How many in all?

Doctor MURROW. Forty thousand mixed bloods, 10,000 white citizens, 20,000 negroes, and about 60,000 half-breeds.

The CHAIRMAN. Is there a blanket Indian in the Indian Territory?

Doctor MURROW. No, sir.

Mr. McGUIRE. You say there are only 10,000 whites?

Doctor MURROW. Intermarried whites.

Mrs. ELLIS. To be accurate, on the 9th day of July, 1832, Congress entered into an agreement with the Indians of the Indian Territory that under no pretense whatever should liquor be sold in that Territory. That has been reiterated again and again, as has been shown here day after day and hour after hour. It was a promise, a covenant, an agreement on the part of the Government with those Indians. What is a promise? What is the value of a promise in the commercial world? What is the value of a promise in the domestic world? It is everything. The Government promised that these people should be kept from the power of strong drink, and that its sale and barter should be prohibited. Now, we claim that a promise on the part of the Government should be maintained as well as a promise in commercial life. It is understood universally, every man

here acknowledges it, that strong drink with the Indian is his destruction. The question has been asked, Do these people want prohibition? Why, in my position as legislative superintendent of the National Woman's Christian Temperance Union, during the years that I have been in this city of Washington attending to the duties and to representing these women, there have passed through my office hundreds of petitions from the Indian Territory.

In the archives of this grand old Capitol there are stored away to-day hundreds and hundreds of petitions to Congress, both to the Senate and to the House, asking that they should be further protected from the curse of strong drink.

Perhaps the most pathetic petition ever presented in this building was from the young men in Indian Territory. I want to say, Mr. Chairman, that some of them went to you. They began coming to me over three years ago. They read this way:

In the name of God, we, the young men of the Indian Territory, implore the Congress of the United States to protect us against our greatest enemy, the legalized liquor traffic.

Downstairs to-day those appeals are calling to heaven for help.

I received yesterday a letter from a prominent lady in Oklahoma, in which she says:

Two per cent has been put on beer in Oklahoma to start a fund to defeat prohibition, and we all know that there are millions of dollars behind the whisky advocates.

You ask, Do the people want prohibition? The women do. Listen. In ending her letter, she says:

Mrs. Ellis, do you think a thousand letters from the mothers of this Territory would help any?

If it were necessary a thousand letters could be brought here; but we believe it will not be necessary. When our friend the Judge yesterday said that license was the system prevailing in Oklahoma and that it would create confusion in a new State to introduce any other system at the present time I thought of the prayer from those young men of the Indian Territory—

In the name of God, protect us from our greatest enemy, the legalized liquor traffic.

And shall the flood gates of strong drink be opened upon this defenseless people that the cities' streets may be well paved and well lighted? Would it not bring "confusion" to send a father reeling home to his waiting family? Would it not bring "confusion" to break a mother's heart? Surely some better excuse than this must be suggested for disregarding the pledge of the nation.

And when on Wednesday last Mr. Jones, of Oklahoma, with a little catch in his voice, spoke of having to be "mother as well as father" to his little boy, and yet he did not want that prohibition should stand in the way of statehood, I could but wonder if that dear mother could speak if her desire and hope would not be that the streets and avenues of that new State be kept free from the open saloon and made safe for the boys.

No, men of the Fifty-ninth Congress, start the new State on a clean, pure, good foundation. Remember the pledge of the Govern-

ment; say in your action on this bill, "We can not disregard the pledge of the Government to this people; come what will we stand by our word."

And the mothers who to-day are watching and praying will bless you and unborn children saved from the power and thralldom of strong drink will bless you, and God will bless you. [Applause.]

STATEMENT OF MR. R. L. WILLIAMS, DURANT, IND. T.

Mr. WILLIAMS. Of course when I express myself on the Sequoyah election I am also going to express myself on the prohibition question. I want to say this. That whilst I have been opposed to the Sequoyah movement and I do not think that a majority of the people in the Indian Territory are back of that movement, yet I think that this committee ought to provide a prohibition clause to apply to the Indian reservations. I do not think that you ought to provide for prohibition to apply to the Territory of Oklahoma except as to sections comprising its Indian reservations. While I have reverence for the sentiment of the mothers, I view these questions as practical questions as to the enforcement of law. Whilst I have been against the great majority of these Indians on the statehood question, I think we ought to be their friends, and if you go and provide here for this prohibition enactment to apply outside of the Indian reservations you will not be a friend to the Indians. It will then become a political question, for then there will be strenuous efforts for resubmission in order to amend the constitution in that respect. These questions ought to be kept out of politics and by united effort protect the weak. That is all I have to say on that question.

In my town, which is a town of 7,000 people, there were 115 votes cast on this Sequoyah constitution, 112 for it and 3 against it. The opposition refused to vote. There are a thousand votes in that town, and there are 1,500 votes in proximity thereto, making 2,500 people who could vote there. They could not have at most rallied more than 250 votes, even in the town and proximity, where there were 2,500 votes, in favor of the Sequoyah movement. I want it distinctly understood that I believe that a majority of the people of the Indian Territory of both parties are in favor of single statehood. I believe that sincerely. While we recognize the fact that the great majority of the men who favored the Sequoyah movement were honest, the majority of the Indians being "separate staters" from sentiment. They are true to that sentiment; but we are up to the practical questions of the future, of making a State, and we view that high above partisanship. But whilst we disagree with probably a majority of the Indians on the joint statehood question, we would like to see them protected on the whisky question in the Indian Territory. You may just as well send a standing army down there and murder him as to permit the open saloon in his midst. [Applause.]

On the other hand, the property interests of that portion of the State comprising Oklahoma should be considered, and so far as the question of prohibition relates to the Territory of Oklahoma, excepting the Indian reservations, it should be left to the constitutional convention untrammelled.

**STATEMENT OF REV. P. A. BAKER, GENERAL SUPERINTENDENT
AMERICAN ANTISALOON LEAGUE, COLUMBUS, OHIO.**

Mr. BAKER. Mr. Chairman and gentlemen of the committee, I can not speak upon this question from a legal and constitutional standpoint, but from the general standpoint only. I have the misfortune, perhaps, to have a biased judgment in this connection in the minds of some here because of the fact that I happen to be a minister, and yet I am not wholly a novice as to the conditions in the Indian Territory.

Mr. LLOYD. You do not have to apologize before this committee for being a preacher.

Mr. BAKER. I thank you. It was my duty officially to be in the Indian Territory at the formation of the Church Federation of that Territory. To my very great surprise there were present, at their own expense, from all parts of the Territory for the formation of the federated church movement 176 delegates, and to further demonstrate their interest for prohibition statehood for the Indian Territory, in a good deal less time than some of us have been speaking to you this afternoon, they were willing to pledge to the support of that effort \$1,700.

The men who came there paid their own expenses in order to foster prohibition statehood. It was my privilege to visit many of the leading villages and cities and to speak in the churches and to meet the business men. I tried to seek information from all sources. I may say, Mr. Chairman, that there were three sources from which I sought information and always accepted it with a grain of salt. One was the ministers. I knew they thought very largely as I did on these questions. Another class was the real estate men. I have some friends engaged in the business in the Territory and they took me in their carriages and drove me about their cities, showed me the best corners and some of these corners that were already reserved by the brewing interests of St. Louis and Kansas City, anticipating the time when the saloons should enter that country. There were fine commissions on this class of business. Another class was the men who are looking for political preferment in the future. You may rightly say that that reduces the constituency for consultation to a minimum. But I did go to the business men, I went to the laboring men, I went to some bankers. This question I invariably put to them: If the question of saloons is left to you, can you solve it? Almost invariably they replied: "Yes; if it is left to us we can, but the mischief about it is if there is no provision placed in the enabling act upon this question and we come to vote upon it with the population we have in this Territory, and the brewing interests' money (used by their peculiar methods, with which all of us are familiar), we shall not be able to handle it at all."

Mr. Sweet told you something of it when he said that there were 3,000 beer saloon fixtures already assembled around the Territory that have been driven out of Arkansas and out of Texas and other local-option States, ready with all their influence to be brought to bear upon the population of that country.

But I want to speak especially, Mr. Chairman, from the standpoint of the churches. I think they have not been well represented as yet.

Nobody has seemed called upon to represent the churches. My duties are largely with the church bodies of this country, and I would like to say that there is not a question when I go before these bodies that I touch upon in public addresses that so arouses the interest of the churches as the question of prohibition in the Indian Territory. There is reason for it. The churches have expended millions of dollars in that country, and if they had not expended this money you would not now be sitting here discussing the question of statehood. They have made possible a citizenship that you are ready to receive into this Union as a great sovereign State. The Baptist Church alone has expended over \$500,000. The Methodist Church South has expended over \$900,000. The Presbyterian Church has expended over \$2,085,000 already.

I have only named three denominations, and when you take the different Protestant and Catholic churches in this country into consideration they have expended in that country, for the creation of a citizenship, over \$6,000,000. Somebody has suggested that we propose to confiscate the property already invested by the liquor interests to the extent of \$500,000. Turn the saloons into that country and you have largely confiscated over \$6,000,000, which money has been expended to create the citizenship which you are now anxious to bring into this Union. It has been mooted by some that because we are insisting upon prohibition in the Indian Territory therefore we must not be friendly to statehood. Let us not misunderstand. These men who are insisting upon the prohibition clause are as intensely interested in statehood as any of the men who are insisting upon the presence of the saloons or letting the people there decide that question.

Just a word. I am not authorized, of course, to interpret the President's message, but what did the President of the United States mean in his message when he called upon Congress to enact and enforce a law that would prevent "bootlegging" in the Indian Territory among the Indians? If the danger of liquor is so great amongst the Indians when the law, which is now better enforced than the law against horse stealing, and if it is necessary to call forth this utterance of the President of the United States, what would it be if you permitted the opening of saloons in that country? The President, it seems to me, has simply made that statement pointing the way and intending that Congress shall supply the balance, realizing, as he undoubtedly does, what it means to a primitive people like that to have the saloon thrust upon them. Gentlemen, I thank you.

Mr. JONES. I wish to correct one statement made by the gentleman. I want to state that the Oklahoma delegation, so far as I know, is not here asking anything about the capital. We want to be consistent. Give us joint statehood on equal terms with other States and let us settle the capital question and the whisky question.

I wish to introduce to the committee Ex-Governor Barnes.

STATEMENT OF HON. C. M. BARNES, EX-GOVERNOR OF OKLAHOMA.

Mr. BARNES. As I look at it, the objective point of this discussion is how best to protect the remaining few Indians of weak or immature mentality living in Oklahoma and the Indian Territory from the evil effects of an unrestrained liquor traffic. The proposition

of the gentlemen on the other side, who are especially agitating this question that enforced prohibition over a million and a half of people with equal intelligence to those of any of the States, must be adopted to accomplish the desired protection of less than 20,000 full-blood Indians in the two Territories—I quote this number from the report of the Dawes Commission—it seems harsh and unjust to the great number of good people who have made their homes in this country, and yet, personally, I believe it is the sentiment and judgment of a large majority of the people that this should be done, if it is necessary to carry out what is generally believed to be the moral obligation of the Government of the greatest and most just people that inhabit the earth, to protect the poor Indian, whose race is fast fading from the earth.

But is this necessary? We think not, Mr. Chairman, and our suggestion is that the desired results could be reached within the scope of the Constitution by simply requiring the people of the two Territories, as a condition precedent to admission into the Union as a State, to grant to the Government of the United States the right to prohibit for twenty-one years or forever the sale or gift to an Indian to such degree of blood as may be deemed most wise, under such penalties as said Government may see fit to impose, and the enforcement of which should be vested in the United States courts.

The contention that this would be in conflict with the fourteenth amendment, in my judgment, is not good. A careful analysis of Justice Brewer's decision and opinion in the case relied upon by these gentlemen will convince this committee that its jurisdiction, its power, would be unquestionable if the same is granted to the General Government by the State.

The Hamilton bill provides that all the rights and privileges heretofore contracted for by the Government shall remain in as full force and effect as if this act had not been passed. Under treaties and agreements with the Five Civilized Tribes of Indians the Government guaranteed prohibition in the Indian country and to the Indians forever; but, in my judgment, the status of the Indians and the Indian country becomes so changed in the twinkling of an eye when we become a State that there is no longer any applicability of either statute or treaty upon this question, and there remains nothing to be done except to carry out the moral obligation or moral sentiment of the people of the United States as far as it can be done without injustice to the greater number of people who form the new State under the laws of which they must live and which they must transmit to their children for generations to come.

Some gentleman remarked that Oklahoma was here wanting everything, that we not only wanted the capital and all these things, but that we wanted all the State institutions. I want to say to this committee that there has been very little indication on the part of the people of Oklahoma, who have been standing ready for statehood for the last eight or ten years, very little indication of a desire to establish public institutions beyond those necessary educational institutions which we have to-day and which we have established, but the penal institutions and the eleemosynary institutions, none of them has been established in our country. While we have a great fund growing up from the public lands donated to us by the United States,

which we might have used in that direction, we have entirely refrained from locating or establishing a single one of those institutions, waiting for the time which we believed would surely come in the near future when we and the Indian Territory would come into this Union upon the same footing, and we wanted to put them on the ground floor and be fair in all these particulars.

This bill makes these lands of the Indians, as the laws of the United States do, inalienable, so far as homesteads are concerned, in some of the Territories forever, and so far as the other lands are concerned for twenty-one years. That is because the status of the Indian is being gradually brought up from his heretofore condition of wardship to that of full-fledged American citizenship. Why can not this committee equally as well restrain the sale or gift of intoxicating liquors to an Indian the same as it does to a minor and still be within the scope of the Constitution? I think they can. And it seems to me that the provisions of the McGuire bill relating to this question amply covers the case and would be sufficient to accomplish the purpose which is the basis of this contention.

The general sentiment in Oklahoma Territory is to build a State with all the rights and privileges of the original States, a State which shall be altogether lovely and that should have the love and affection of its people as well as to commend itself to the admiration and respect of all good men everywhere. I believe that we stand for good and pure government as well as any other people on the face of the earth, and I believe that our citizenship in Oklahoma and the Indian Territory can sufficiently be trusted with the same powers and rights and privileges that were granted to other States of the Union when they were admitted under constitutional provisions that new States may be admitted with all the rights and privileges of the original States.

Mr. KLEPPER. Mr. Chairman, I understand that Chief Porter is here. As one member of this committee I would like to hear him discuss this question, with the consent of the committee.

Mr. SWEET. I would be glad also if he would discuss the question.

STATEMENT OF GEN. PLEASANT PORTER, OF MUSCOGEE, IND. T.

General PORTER. Mr. Chairman, gentlemen of the committee, and fellow-citizens: It would be very difficult for me to add anything new to what has been said on the subject—that is, prohibition. The other question, as to single or separate statehood, I understand has been disposed of, so far as this committee is concerned.

Mr. LLOYD. Oh, no; this committee has not passed on it. [Laughter.]

Mr. WEBB. Probably he is right, after all.

Mr. MCGUIRE. That is a very correct anticipation, Governor, anyhow. [Laughter.]

General PORTER. On the matter of prohibition I can say, and say truthfully, on behalf of the Indian, that he inherited it. It was his faith before the white man touched the American shore. He ate natural food. He drank natural water. He had a naturally clean soul. These things grew up out of dissipation. You [addressing the committee] have brought your Christianity, your civilization, and

you have brought your evils with you. While we could live with you and agree with you and merge with you in your virtues, we found we were unequal to live and merge with you in the vices you brought with you. [Applause.]

It is natural for the Indian to be a prohibitionist. It is unnatural for him to take into his mouth something that kills his soul, his purity of character. He may take it; he may detest it. You inherit the appetite for it as well as we do.

Now, if you ever make a great and pure nation, it will be when you have learned to curb your appetites, when you have learned to restrain your vices; and this matter of liquor is one of the greatest curses to the human race. That is my opinion, so far as I am concerned, and I have had some little experience of it myself. [Laughter.] I know what it is. I know what an evil it is.

I beg you not to violate your faith in the matter of keeping good faith with the Indian people; in keeping them, so far as practicable, free from the curse of strong drink.

It is not necessary for me to talk to you about it as to the reason why I think it should be done. My very earnestness of nature would tell you what I mean. I know it has devastated this country of thousands of good homes, not only among the Indians, but among your own people. I have not been a preacher of prohibition, and I don't know that I have ever opposed it very much, either [laughter], but I know it is evil, and I know it the better because I have experienced the evil. I am not talking theory. Is there any of you gentlemen who has ever taken 20 or 30 drinks and gone to bed and waked up at 3 o'clock in the morning? [Laughter.] You pant for water and light, and it does not come for three weeks. [Laughter.] There is something practical in that thought which ought to bear fruit.

Now, another thing. You must guard yourselves against this one evil. Do not inhibit or prohibit the Indian and let the other man go scot-free. When our first parents were prohibited to eat of the fruit that grew in the center of the garden, perhaps they would never have known that tree had it not been pointed out and prohibited. [Laughter.] But our first parents ate and fell, and the Indian is no better than his first parents.

You should prohibit it in such a way that we can not get to it. Do not manufacture it. Make it violation of law to bring it into the country. You can not talk to me about confining the law to the Indian reservation. You might just as well confine it to everyone who went into the reservation. These tracts of land are rapidly passing from us into white men's hands. The checkerboard is being rapidly reduced. As to the compass of the law, where it can be enforced, you have then got to prohibit it entirely or you set up a prohibition from which, as I have said, our first parents fell when they ate the forbidden fruit.

In the making of laws a man's nature should be considered. If you make a law, it is for government; you do not make it for theories and isms. You make it for men—natural men.

Now, if you see any way to do that, I hope you will do it. I might say for myself that I am incompetent, but I hope this committee will find a way. That is all I have got to say. [Applause.]

The CHAIRMAN. The committee is very glad to have heard you, General. Who will be called next?

Mr. WEBB. Mr. Chairman, I would like to hear from this Indian minister here. I understand we have one present.

Mr. DINWIDDIE. Mr. Cloud, of Oklahoma. He is a Cherokee Indian. He is likely, from his forced connections, to be called either in Oklahoma or in Indian Territory.

Mr. McGUIRE. Is he the pastor of the white church?

Mr. DINWIDDIE. Yes; of the white church in Oklahoma.

STATEMENT OF REV. H. L. CLOUD, OF WELLSTON, OKLA.

The CHAIRMAN. Proceed for five minutes, Mr. Cloud.

Mr. CLOUD. Mr. Chairman and gentlemen of the committee, it affords me pleasure this afternoon to be here present to represent this great cause. I wish to state in the beginning that a burned child is afraid of the fire, and I wish to be understood as meaning by that that I was once a drunkard and loved the fire water, even though strong prohibition laws existed against it in the Indian Territory.

The effect of it is the very thought that I wish to impress upon you this afternoon—at this moment. I wish to say, in reference to my friend, Mr. Hastings, here, that he was my professor in school, and he does know something about my condition while growing up as a boy.

I delivered an address to the boys of the male seminary at Tahlequah, Ind. T. There were 115 boys present on that occasion, and without any thought whatever I asked them a question: "You boys are going to face the conditions of this country. Now, which would you rather have, the open saloon or a strict prohibition clause in the constitution of the new State?" Not a dissenting voice was heard in that school against prohibition. It is true, as Governor Porter has said, that we inherited the prohibition in our own lives.

On one occasion, when Judge Thomas, of the northern district, at Vinita, sat on the bench and sentenced my brother to be committed to the Federal jail, I said, "I will die fighting the saloons," and I will.

More than that, the white man that married my sister was drunk when she was on her deathbed, and I said, "The white man also needs restraint." They need it in Indian Territory and in Oklahoma. In Chandler, Okla., in Stroud, Okla., which some of them know, and many other towns, as, for instance, Stillwater, I saw things that made me see the necessity of restricting the whites. You tell me, "Restrict the Indians." Oh, help us restrict the white men in Oklahoma and in Indian Territory, for those very men sold it to these Indians on the reservations in Oklahoma, to say nothing about the Indian Territory.

I want to say, my dear friends, in conclusion, that with all love and respect to these other men who take the stand against me and against the prohibition movement, I love them and want to cooperate with them in every good thing, and, my friends, if it lies in my power Oklahoma will in future know more about the prohibition subject than she does to-day. The Indian Territory already has a conception of my idea about prohibition.

I wish to ask, friends, how many Indians were represented in the Oklahoma City convention last July?

Mr. C. G. JONES. One hundred and seventeen Indians.

Mr. CLOUD. Now I wish to say, Mr. Chairman, the very thing I want you to notice is that the majority of these men went there, and perhaps largely by invitation, to help us make the country better. If a man is not better than the local conditions that surround him, how can he help the country? Unless men's lives and characters are of the very highest type, how can you expect the country's character to be of the highest type? It is essential that our lives shall be high morally in this country, or else our force of character is a failure.

Gentlemen, I thank you for your kind attention. Friends, help the Indian. You help us to get rid of the curse and vice in the Indian Territory. We are glad, friends, you have come to live among us, but we are not glad that you seek to impose on us something that we do not want and do not need to make us better. I never saw an Indian or a white man that was ever made better by drinking liquor. But I want to say that while my two brothers have been saved from the thralldom there are others to be saved.

Gentlemen, do the best you can. I am confident you will, for you have always cared for us. Now, help us on to higher and to holier things. I trust each of you will do the best you can. [Applause.]

The CHAIRMAN. Who is next?

Mr. C. G. JONES. I wish to introduce, Mr. Chairman, Mr. Rogers, of Vinita, Ind. T.

STATEMENT OF MR. CHARLES B. ROGERS, OF VINITA, IND. T.

Mr. ROGERS. Gentlemen of the committee, I will say I am a recent acquisition to the Indian Territory, but I have been a close student of conditions in that country since I entered it. I will say further that I am personally inclined to prohibition for that country.

I do not intend to speak upon this matter except as to some questions that were raised here respecting the actual sentiment expressed in that country. I think it best to speak as to my own personal knowledge. I can not represent any other person in that country upon the prohibition question, because it had not been discussed in my part of that country previous to sending the delegates to Washington with a view to determining the attitude the delegates should assume; but I can tell you what the best classes of the people of the community where I live think about this question, and that is that it rests upon me as well as upon them to solve it properly.

The first proposition that confronts you when you enter that Territory—if you take the trip down through there, and that would be the best way to ascertain conditions—if you go up to the average business man and ask him his impression about prohibition for the benefit of that country his answer, in my honest opinion, will be, if he has studied conditions there, that the people down there will have to enforce the law that prohibits, and that they will have to build up a prohibition machine to oppose the machine of the antiprohibitionists. What is every man's business is nobody's business, and the people of that country have come to this conclusion that it does not make a particle of difference, gentlemen, what you do upon this bill, not a particle, because they realize the fact that they will have to settle the proposition themselves. They are ready to settle it. I do

not agree with Mr. Hastings that 95 per cent of the people of the Cherokee Nation are in favor of prohibition.

Mr. HASTINGS. I meant the Indians as distinguished from the whites.

Mr. ROGERS. There is a vast number of people, regardless of race, in the Cherokee Nation and in the Quapaw agency who are absolutely ready to settle the question of prohibition. As to the best way to settle it, I am as much perplexed, perhaps, as you are. Whatever this committee of Congress decides upon the people down there will accept, but I want to impress upon every member of this committee the fact that the people of that Territory expect you to say something, and say it soon. Whatever you say they are ready to accept, and we do not want to see this prohibition fight delay the passage of the statehood bill. That is the proposition. Through the courtesy of the secretary of this committee I have been afforded opportunity to know that certain telegrams were poured into this committee stating that if they can not grant statehood with prohibition they should not grant it at all. Gentlemen, I do not propose to stand a minute for that. There are a hundred thousand children in the Indian Territory to-day who are not receiving that common school education which every American-born child is entitled to receive, because we have no system whereby to secure it. Congress should find it its duty to enable us to educate those children and then they will take care of themselves.

Whatever you do, gentlemen, I insist that you pass some sort of a bill. Personally I do not care. If I knew that the prohibition clause in it would prohibit I would say, "Pass it at once." But I do not know whether it will or not; I doubt it. The people of that Territory, as well as the people of every other community on the face of this continent, must determine for themselves what they shall do on this proposition. It is purely a moral question when it comes to regulation. It is a trade question when it comes to the law.

The CHAIRMAN. I am sorry to be obliged to remind my friend that his time is up.

Mr. ROGERS. All I have to say is that you should pass some sort of a bill, and pass it at once, and not let this fight hang the bill up all winter.

The CHAIRMAN. Who is your next speaker?

Mr. C. G. JONES. Are you ready to close [addressing Mr. Dinwiddie]? Let us close right now.

Mr. DINWIDDIE. We have invited several people to come here, and I do not want to take that turn.

Mr. C. G. JONES. This committee, I should judge, already has about all the information on this subject that they want.

Mr. DINWIDDIE. I was simply extending a courtesy to these others.

Mr. C. G. JONES. I would like, then, to introduce Mr. Charles E. Hunter, of Chickasha, Ind. T., one of the Rough Riders.

STATEMENT OF MR. CHARLES E. HUNTER, OF CHICKASHA, IND. T.

Mr. HUNTER. Gentlemen, I will preface my remarks by saying that I am not a public speaker. I am not used to speaking.

I would like to begin my talk at the tail end, because otherwise it

seems to me that under the five-minute rule I may be cut off before I get fairly into it. [Laughter.]

I am so earnestly in favor of statehood, immediate statehood, quick statehood, just as quick as ever we can get it, that if there is any honorable method that will facilitate statehood I want to bring that in on you gentlemen before I take up too much of your time.

I believe there is a solution of this problem that would be acceptable to the people of Oklahoma, and should be acceptable to the people of Indian Territory, as well as to our friends here who are insisting upon prohibition.

In the first place, let me say, I have lived seventeen years in Oklahoma and in Indian Territory. I have lived for a number of years at Chickasha, Ind. T. We have 11 churches there and 4 splendid schools. The rural districts haven't many schools, as many of the gentlemen have stated, but in some of the cities we have splendid schools, and I want to say that in selecting the delegates from my city of 10,000 people it was particularly looked after that members were not sent here to represent my district (the Nineteenth district) who would favor a prohibition clause in this bill, not because we oppose prohibition, but we do oppose the restriction of our rights. It may be a selfish motive on my part when I frankly state to you that it is commercialism, pure and simple, that prompts that statement, for I believe prohibition will injure the growth of our State.

Down there, in the Territory, we do not want to be tied up, as Kansas has been, and be made for the period of our lives the laughing stock of the country for our isms. We believe we are capable of self-government, and if you gentlemen think we are not capable of handling the liquor question, then we are not entitled to statehood. But if we are capable of self-government, then let us handle that question also.

Now, I believe that the opposition are laboring under a delusion, in so far as they think that if the prohibition clause is not made a part of this enabling act they will have no assurance when they will ever get a chance to vote upon the prohibition question.

I am willing, speaking for myself—and I will say that I have spoken to fifty delegates out of the hundred and fifty that are here with us about this same proposition—I am willing that there shall be a clause in this bill providing that, at the time of the election for the adoption or rejection of the constitution, there shall be a clause debarring any person from engaging in the manufacture, sale, or handling of liquor in the State of Oklahoma for all time. That should be voted upon as a separate proposition, and should not be made a part of the constitution. But if the majority vote in the affirmative, then it should become a part of the constitution. If the majority vote in the negative, it falls of its own force and does not become a part of the constitution.

That does not make us swallow the entire hook, bait and all. In other words, in order to get statehood we will not be forced to take prohibition except as we elect. We want statehood, gentlemen, but we do not want to be compelled to swallow prohibition with it if we can help it.

It is my opinion that the prohibition proposition will be defeated

in those Territories. I want to say that in the seventeen years of my life spent there I have come to believe that there is no place in the United States where they have such stringent prohibitive laws as they have in the Indian Territory, and yet I am also frank to admit that there is no place of equal size in the United States of like population where liquor is handled illegally to such an extent as in the Indian Territory. I am satisfied that the gentlemen who love their community will not admit it [laughter], but you gentlemen who do not drink it, do not have occasion to call for it, and therefore you do not know the conditions. [Laughter.] I must say that when a person goes to a hotel and wants "something," in many parts of the Indian Territory, he has but to tell the porter to get it, and he will usually get it after the request.

Mr. SWEET. How does it get there?

Mr. HUNTER. It is brought there. It is brought into the Territory by "boot leggers."

Mr. SWEET. Do the Indians bring it?

Mr. HUNTER. If there is a gentleman here from the Indian Territory who says he can not get it, I would like to hear him? Can liquor be purchased in your town? I do not mean in open bar rooms, but—

Mr. ROGERS. Sixty-five per cent of the indictments found in my town are for bringing liquor into the town of Vinita. There is quite a document there concerning fellows selling it in the town.

Mr. HUNTER. In many of the towns of the Indian Territory, gentlemen of the committee, we have what they call "sunbeam," and "nutrine," and "nervine," and many other schemes. They are, in my judgment, beers with new labels put on, and it is sold as a non-intoxicant. If a man gets into trouble on account of it, it makes a perjurer of him, and if he goes a little further, it makes him a criminal. In Kansas to-day under prohibition you can find more drunkards than in Oklahoma under a license system.

There are more full-blood Indians in Oklahoma than in Indian Territory. There is less drunkenness and crime among the Indians in Oklahoma than there is in towns of the Indian Territory, which are under Federal enforcement of the prohibition law. Yet Oklahoma has a liquor license law. I thank you, gentlemen.

Mr. LLOYD. How do you know it—from your own knowledge?

Mr. HUNTER. Sixty per cent of the people confined in the prisons of Indian Territory are confined there for violation of the Federal liquor law, mostly for introducing it into the Territory.

Mr. BEALL. It is not enforced, then?

Mr. HUNTER. Yes. The Government, through our courts, enforces it.

Mr. DINWIDDIE. It proves rather that it does, and that the violators are punished for it.

Mr. LLOYD. Is there any horse stealing done in that country?

Mr. HUNTER. Yes; rarely.

Mr. LLOYD. But you are not horse thieves, are you?

Mr. HUNTER. No. [Laughter.]

Mr. SWEET. I now want to introduce Mr. Murrow, of Atoka, Ind. T., who, in the year 1857, with his young bride, went as a missionary to the full-blood Indians, and there he lives at his post of duty to this

day. He is now in his forty-ninth year in this service, and knows as much about the Indians and the conditions in their country as any white man in the Indian Territory.

Mr. WEBB. Missionary of what church?

Mr. SWEET. The Baptist Church.

STATEMENT OF REV. J. S. MURROW, OF ATOKA, IND. T.

Mr. MURROW. Mr. Chairman and gentlemen of the committee, I have lived and labored as a missionary all the years of my life. I have given all the energies of my heart and of my brain to these people. I know them. I know them, Mr. Chairman and gentlemen, and I know them as few men know them. I have visited them in their homes, sat with them at their firesides, and talked with them, and they tell me from their hearts their feelings, and hopes, and fears, and expectations, their troubles, and their distresses. It is not boasting to say that those full-blooded people love me and have confidence in me.

I know them well, and I want to testify to you that those full-blooded people there are bitterly opposed to the introduction of saloons in their country. Self-preservation is as precious to the Indian as it is to the white people, and they know that self-preservation requires that they be free from the temptation of open saloons.

Mr. Chairman and gentlemen, do you know that the first law enacted by a legislative body prohibiting the introduction of spirituous liquor into their country was enacted by the Cherokee tribe of Indians away back yonder, nearly a hundred years ago? The chief and head men of those people saw the pernicious and destructive influence of intoxicating liquor upon their people, and it distressed them a long time; and then they gathered together in council and finally passed this prohibitory law that their people should not introduce intoxicating liquors among the Cherokees. They sent a memorial to this place, to the city of Washington. If I am not mistaken, one of their chiefs bore that memorial on his horse, riding from Tennessee to Washington, and petitioned the President and Congress of the United States to pass a similar law prohibiting the white people from introducing intoxicating spirits into their country likewise.

This would have prohibited it entirely. This would have meant their salvation. But the country did not pass this law until, at the solicitation of the Southern States, these Indian tribes were removed to the West, and when they went out to the West the people here didn't think that country would ever be desirable, and thought that no white men would go there. And so Congress, in deference to the wishes and pleadings of these people, gave them certain promises and pledges. One of them was that they could have that country as long as grass grows and water flows. The Indians understood it literally that way, sirs, that it was to be a perpetual inheritance. Another pledge was that if white men went into that country and they reported the matter they should be removed as intruders; that the deleterious and hurtful influences of the white men should not be admitted into their country to hurt them. Another pledge was that their lands should not be merged into those of any other State or Territory; and still

another pledge, which they prized highly, was that spirituous liquors should be forever excluded and prohibited in their land and country.

Mr. Chairman and gentlemen, all these promises have been broken and violated except this last one, and now, sirs, they are looking to you, they are looking to Congress, to keep this one pledge faithfully to them. They know what an influence it would have. They know what destruction it would bring to their people.

I have said that there are only 24,000 full bloods. They are decreasing all the time. When I first went down to those people there were 60,000 Indians in the Indian Territory and scarcely any white people and scarcely any half-breeds. Now the full bloods are reduced to less than half that number, and now they are pleading with Congress not to withdraw its protecting hand from over them.

Oh, let me plead with you, gentlemen. If it were for the last time in my life, let me plead with you for the red people. Let me plead with you not to desert those people. They are a small people, I acknowledge, but if any of you, sirs, had a family of a dozen children and one was a weakly child, unable to take care of itself, you would not take and drive and cuff that one around or allow him to be cuffed around at the will of his more powerful brothers. On the contrary, you would protect and care for him. Even so these poor and feeble and helpless Indians are looking to the Congress of the United States to defend and protect them until the time shall come when their bodies shall go down into the ground and their spirits shall ascend to the God that made them.

Mr. Chairman, to stand at the dying bedside of an individual is a sad and sorrowful sight. To see a city stricken with some sort of an epidemic by which hundreds are taken to the grave is a sadder sight. But, Mr. Chairman, to see the death of a nation, of five nations, is the saddest sight of all. It does not make any difference how small they are, for they are nations, and you have treated with them as nations, and it is on the statute books. The United States Government has treated with the Cherokee Nation, and the United States Government has treated with the Choctaw Nation. And they are to die by your act, by your treaty that you have made. They are to die on the 4th of March next. On that day this country will witness a sight such as the world has scarcely ever seen before—the death and burial of nations.

Now, I want to say to you, gentlemen, that, knowing the feelings of these full bloods, it is going to be a sad time with them. I sincerely trust that in the Indian Territory there will not be rejoicing on that day, and yet I fear there will be rejoicing, rejoicing, rejoicing. What will it be with these full bloods? Back in their cabins in the hills and valleys of that Territory they will sit with bowed heads, with tearful eyes, with breaking hearts, that their nationality is no more.

Beloved Chairman, you love your country. You love your nationality. You take pride in it. The poor Indian loves his nationality just as well as you love yours, even if it is a smaller one; and when he is compelled to say, "We are no more a Cherokee Nation." or "no more a Choctaw Nation," it hurts their hearts just as deeply, sir, as if this nation were to be blotted out by some cyclone or greater power. Oh, do not consign them to the grave, sir, as drunkards.

Do not bury them under the influence of whisky. Do not do that, Mr. Chairman and brethren.

I wish to say to my brethren of the Indian Territory here if this thing should go through and open saloons are admitted to that Territory they are sowing the wind and they will reap the whirlwind, because the scum and scurf of this whole country will go into that place there to get possession of these full bloods' lands. They own about 4,000,000 of acres of land. These outside people are now trying to get it, and they are getting it. If you admit open saloons there saloon keepers from all over the world will go there to get these Indians drunk, and when drunk the Indians will sign any kind of a paper. And I tell you, gentlemen, such of you as are lawyers, you will have no easy time, because the meanest, dirtiest, nastiest lawyers in the United States will be there to compete with you in order to make those leases and sales binding, in order that they may share in these rich proceeds.

Mr. Chairman, if open saloons are admitted there, then that Territory, instead of being a respectable country, as my brother Williams says, will be almost a hell on earth. God bless you, sirs, and save those full bloods!

STATEMENT OF MR. C. G. JONES, OF OKLAHOMA CITY, OKLA.

Mr. JONES. Mr. Chairman, there might be some misunderstanding as regards the individual interests of the people of Oklahoma and the Indian Territory. I wish to say that on the 22d day of April, 1889, when Oklahoma was opened to settlement, the people came in there from every State and Territory in the Union, including every nationality, and from the 22d of April, 1889, to the 24th of December at midnight following there was no law governing these people, no constables, no sheriffs—there were judges, it is true, but no law except the one main law that ought to control every true American citizen, and that was the moral law. And I want to say to you, Mr. Chairman and gentlemen of this committee, that if you take any State of the Union, or any part of any State, and put together there three or four hundred thousand people of every nationality, gathered from this great country of ours—throw them together there—what would happen?

In this case on the first Sunday churches were held, and school-houses were started, and now there is not a school district in Oklahoma but what contains a school building, and in that building you will find a teacher capable of teaching school in your own State and children just as bright and intelligent as those in any State in the Union, and there is no place that I know of in this great country of ours where the law is more strictly enforced than in Oklahoma and Indian Territory.

Those people there are law-abiding citizens, and we are capable of taking care of ourselves. Otherwise I would not be here as one of these citizens asking for statehood with the privilege of controlling our own affairs. I do not want what is called this side or that side to be misunderstood. It seems to me we are here asking for the same thing. The way to get at it is the only question.

We are willing to let this matter be submitted, Mr. Chairman, to the people. All we are asking this committee to do is to submit this matter to us. We have to make the law and enforce the law—we will have to eventually—and we will have to suffer the penalty. Let us do that. When you do that, in my judgment, you are doing what is for the best interests of the people of Oklahoma and Indian Territory.

Mr. WEBB. Mr. Chairman, may I ask General Porter a question?

The CHAIRMAN. Certainly.

Mr. WEBB. General, do you know how the full-blood Indians in the Indian Territory feel about statehood?

General PORTER. So far as the Creek people—the full bloods—are concerned, they do not believe they are prepared for statehood, although they will make an effort and cooperate with the other nations to formulate a plan, together with the white people, to secure statehood. But so far as I know the people of my country, and I know them very well—I was born there and brought up there, and have lived there sixty-five years—they do not want statehood with Oklahoma. They are willing that Oklahoma should have statehood, and they would be glad if the people of Oklahoma could get it. In that case, they would consider the question disposed of, and they themselves could get along without it. [Laughter.]

We know the people of the Indian Territory. I have no doubt that some of them want to go with Oklahoma. I do not say that they do not. It is natural that they should. They are American citizens, and they are naturally anxious to get into office. [Laughter.] Every American is entitled to get into office if he can, and they want statehood, and incidentally they want two Senators here, and they want to be Congressmen, something like you gentlemen, you know [laughter], and they feel that they are not equal to you until they do get statehood. Perhaps many of their commercial interests would be promoted by their getting statehood. It may be true, but I have sympathy for the people of my own race. We would like to have the chance, and we thought we had practically secured it when we got our people to agree to accept statehood and adopt a constitution with the people we lived with and have got acquainted with; we did not think they would be as hard to get along with as strangers are.

We preferred separate statehood because we wanted our people to take a part in government—a people who have had no encouragement hitherto to take a part in government. All people should want to have a part in government. They should want to vote. We should wish to crush out that idea that the Indians have no chance at all; that the great Government of the United States violates every pledge that it makes to the red man.

That pledge to us was the greatest we ever had; that is, the pledge or assurance that we should have a government of our own, to govern ourselves by our own laws, and not to include us in any State or Territory without our own consent. We agreed to lay down our tribal and enter a more enlarged system of government, including the Indian Territory, at the express solicitation of the Government, and on the understanding with the Government that we, the five united nations, were prepared to establish a government for ourselves. The

people who were among us at that time were not so large in proportion to our number as they are now, but they have joined in with us. and by every law of morals that God ever gave man we are entitled to statehood. That is not the question, though.

Mr. WEBB. Mr. Chairman, with your permission, I would like to ask the Reverend Mr. Murrow the same question. What is their feeling as to statehood?

Mr. MURROW. They want separate statehood, emphatically. They are willing to have statehood, but it is separate statehood that they want, just as General Porter says, in order that they may have a share in their own government. The faith of the full-blooded Indian in the President of the United States and the Congress of the United States, gentlemen, is perfectly and pathetically sublime. It is as strong to-day with thousands of these full-blooded Indians as it was seventy-five years ago. You can not beat it into their heads but what they believe that the Congress of the United States is going to do justice by them, and stand by them, and protect them, and take care of them. Their faith in the Congress and in the President of the United States, I say, is marvelous. It is wonderful, sir.

The CHAIRMAN. Now, gentlemen of the committee, what is your pleasure? Mr. Dinwiddie, you said you had some one who wanted to speak.

Mr. DINWIDDIE. Yes; Mr. Johnston, of Oklahoma city, Mr. Chairman.

The CHAIRMAN. Proceed.

STATEMENT OF MR. J. H. JOHNSTON, OF OKLAHOMA CITY, OKLA.

Mr. JOHNSTON. I can not refrain from going on record individually at this time. Of course, our interest in statehood is so great that perhaps it almost makes moral cowards of us in the matter of issues other than the main one of statehood. We are exceedingly anxious to become a State, for various reasons.

One which I will touch on now, Mr. Chairman, is that we wish to be able to control our conditions, so far as transportation facilities are concerned, between points in the two Territories.

That is one of the most important and effective arguments why it should be one instead of two States. The traffic moving between the Territories could not be controlled by local conditions down there if we were two States. Coal moves very largely from the Indian Territory to Oklahoma Territory. Grain and packing-house products move very largely from Oklahoma Territory to Indian Territory. Without joint statehood these things would be outside our control. With single statehood, however, they would be absolutely within our jurisdiction and supervision.

I believe a great many of the gentlemen are prohibitionists who have been speaking individually on this prohibition question. I believe a great number of this delegation of 150, almost, of people from Oklahoma and Indian Territory, are prohibitionists in practice, and a great number of them are prohibitionists from principle; but so afraid are they to cloud the situation or muddy the water that they are willing to do almost anything rather than bring up an issue which would seem to get you gentlemen divided on the question of statehood. I know that we have the right in this room of

remaining absolutely silent. Gentlemen who are prohibitionists, gentlemen of established reputation, may for that reason refrain from speaking.

Now, the thought that first occurred to me was this, that the way to settle this question is to submit it to the people at the time you submit the question whether the constitution should be ratified or rejected—the question as to whether prohibition should afterwards prevail in Indian Territory and Oklahoma combined as one State. But there is objection to that. That could not happen until after these tribal relations had been dissolved and the saloons had been established.

Now, gentlemen, if there is any way that you can see out of this difficulty, of getting some kind of a makeshift that will tide us over, so that this matter can be submitted to the people, then I say take that course, because I believe that the people of the Indian Territory and Oklahoma Territory, if the question is submitted to them at the same time that the constitution is submitted for ratification or rejection, will vote for prohibition. But if you see no other way, if there is nothing to do except to put this in the enabling act, to keep the saloons out and tide over that situation, then individually—please understand that I am not speaking, as to this, for the delegation, and not for the city that I represent—then individually, I say, I am certainly in favor of prohibition.

Mr. MOON. Mr. Johnston, without expressing my opinion on the question one way or the other, I will ask you your opinion of this question: Suppose the Congress should include in the constitution of the new State a provision that intoxicating liquors shall not be manufactured, sold, or given away in any public or private place in the State of Oklahoma, subject to such restrictions and regulations as the legislature thereof shall provide. Would that be satisfactory to you gentlemen? That puts, as you will observe, the inhibition in the first place in the constitution, and then leaves it to the people, through their representatives, to change it if they want to. You understand, as a matter of law, anyway, that Congress has not the power to put in a constitution something that can not be changed afterwards, when the Territory has become a sovereign State?

Mr. JOHNSTON. I would prefer to leave it to the whole people.

Mr. MOON. That leaves it to the representatives of the people.

Mr. JOHNSTON. Yes, but there is a difference. I am one of those who believe in electing United States Senators by a direct vote of the people. The same difference exists there—

Mr. MOON. If you were afraid of organized government according to the methods of American commonwealths, would it not be bad policy for us to give you any government at all? You would be afraid to trust it to the representatives of the people anyway.

Mr. JOHNSTON. Well, whether it ever gets to the representatives of the people or not, it will finally get to the people themselves.

Mr. MOON. That brings the issue directly to the people. I am not expressing any opinion myself.

Mr. JOHNSTON. I would be glad to see it submitted to the people at the same time that the constitution is submitted.

Mr. MOON. But you see that would be an unfair proposition. The people would vote for almost anything in order to get a constitution.

It ought to be on a separate day or time, after the vote on the constitution. That might be all right.

Mr. JOHNSTON. Now, I have nothing further to say, except in reference to a statement that was made by Mr. Murphy, which does not do the people of Oklahoma full justice. This delegation of 150 people are heartily in favor of the Indian Territory having equal representation in our constitutional convention with the Territory of Oklahoma, and we are heartily in favor of the two political parties having equal representation of clerks on the boards of election. I thank you, gentlemen.

Mr. DINWIDDIE. May I now introduce Rev. Mr. Thomson?

Mr. C. G. JONES. Just a moment. I would like to ask, Mr. Chairman and gentlemen of the committee, to introduce two Indians, one at a time. One is Mr. T. W. Hunter, who at one time was a candidate for governor of his country. These are Choctaws, Mr. Chairman.

STATEMENT OF MR. THOMAS W. HUNTER, OF BOSWELL, IND. T.

Mr. HUNTER. Mr. Chairman and gentlemen of this committee, I have not thought of speaking to you; in fact, I had not thought that an opportunity would be given to me and a number of others, because we have had so many good speakers on our side, and so many from the proposed State of Oklahoma here, that I did not think we would have time.

We have come from Oklahoma in a unique way. We have come here, Indians and white people alike, for one purpose, and that is for the purpose of statehood. [Applause.] We have come here to ask you for permission to join. We want to consummate a grand wedding and a grand reunion between the people of the Indian Territory as it now stands and the people of the Territory of Oklahoma. [Applause.] And when that match has been consummated I am satisfied that the people who will constitute that grand State will have the finest State in the Union. Of course that is my individual opinion. I am a good deal sectional and partial to my own State.

The CHAIRMAN. That is right.

Mr. LLOYD. Yes; that is right.

Mr. HUNTER. We have people who are the pride of the people who constitute the United States Government. You know it has long been the pride of the United States Government that her people have come from all over the world. It has been the pride of the American people that its population is cosmopolitan in every respect; that it comprises the very best blood of modern Europe and of all those old countries, and we can even go further than that and say that we have a cosmopolitan country in the West, where the blood, brawn, muscle, and brain has still been drawn out from this boasted pride of the American Government. We have that, and I believe in it.

A great many have been interested in questions that are going to be inserted in this constitution. I for one have tried to make it a study, and I have tried to get at it in an honest and sincere way for the good of my people. The great question of liquor is an important question, I know. I am an Indian by blood. I am a Choctaw Indian. I speak the Choctaw language about as fluently as the English. I talk with my people about the wrongs created by it. I know its effects upon them, and as General Porter stated, they inherit the taste, and

they can not help it. That is a fact, but we differ as to the modus operandi of getting rid of it and stamping it out.

I say I differ from some of the good people who have been speaking to us. I would like to follow out what in my mind is the best policy, and the only successful plan that has ever been waged against it, and that is the plan that the great, good missionaries who labored among us for years and years have advocated, and that is the Christianizing of these people, bringing them up and taking the thing into their control and into their hands. I believe that evil can be successfully stamped out in that way, and I will say to them, when the day comes when we shall wage war against that evil, I will walk hand in hand with you, I will take the stump, I will interest myself in that particular more than in any other particular, because I know that is the most essential thing to fight. I know it. Gentlemen, if I exceed my time, call my attention to it.

The CHAIRMAN. Your time has just about expired.

Mr. HUNTER. I just want to add a word about this Sequoyah movement, or single State movement.

Mr. DINWIDDIE. That will not prevent us from finishing this thing, will it?

The CHAIRMAN. We must get through this evening. One moment, Mr. Hunter. Now, if there is no objection, you can proceed.

Mr. HUNTER. I have been out among our own people, and talked their language to them, and have explained the difference between separate statehood and joint statehood, and I will say this from my observation: If this matter, when the matter is presented to them in the proper light, with county seats and every other sort of strange characters, and unnecessary colors left out, that they would want statehood with Oklahoma. They want to command the prestige of a great State. They want to be placed side by side in the ranks of the American States that comprise the American Republic; and we say down there "If you will only give us the opportunity and only make us a sister then you will see us shine."

Mr. WEBB. Do you think the Indians of your tribe are capable of self-government now?

Mr. HUNTER. I do.

Mr. WEBB. Also the other tribes?

Mr. HUNTER. I can not say as to the other tribes.

Mr. WEBB. What is your opinion about it?

Mr. HUNTER. I think the Choctaws are, and the Cherokees, too.

General PORTER. The Indians are as capable of self-government and of administering government as any people in the world. [Applause.]

Mr. DINWIDDIE. Now, Mr. Chairman, I will introduce Rev. J. J. Thomson, of Oklahoma city, superintendent of the Oklahoma Anti-Saloon League.

STATEMENT OF REV. J. J. THOMSON, OF OKLAHOMA CITY, OKLA.

Mr. THOMSON. I am here to represent not myself alone, as most of the gentlemen are who have spoken, but I represent a hundred thousand people. There are 100,000 church members in Oklahoma. These church organizations are united in a great federation, called the Oklahoma Anti-Saloon League. I speak for practically the

whole body. Of course there is a small minority who do not agree with us on this matter, but we speak for the organized and federated churches in Oklahoma, and in that capacity, gentlemen, I believe I have a responsibility to bear and a duty to perform here before you.

I am here delegated by the authority of these organizations and churches to represent them in their request. For example, these churches in their Territorial, and, as we might almost by courtesy say, their State organizations, annual conferences, and so forth—the Methodists (M. E. and M. E. South), Baptists, and Congregationalists, Presbyterians, Cumberland Presbyterians, United Presbyterians, and others, have taken action on this question of prohibition for the new State. But rather than weary you by reading the action of every one I will read you just one or two samples, and the first is the action of the Methodist Episcopal annual conference of Oklahoma:

As Oklahoma looks forward to statehood, we declare ourselves as most positively in favor of the constitutional prohibition of the liquor traffic by Congressional action, by the action of the constitutional convention, and by the vote of the people. We pledge our utmost endeavors to bring this about.

We would memorialize Congress, asking that in providing statehood for Oklahoma a clause be inserted in the statehood bill prohibiting the manufacture and sale of all intoxicating liquors, except for scientific and mechanical purposes.

I have here also the action of the Baptist convention, which I might read. It is practically to the same effect. The report says, in part:

Resolved, First. That the Oklahoma Baptist convention hereby reaffirm its historic position as unalterably opposed to the liquor traffic.

Second. That we favor complete prohibition of the liquor traffic for the new State, whether we may obtain joint statehood or separate statehood.

Third. That this convention memorialize Congress, asking that in providing statehood for Oklahoma a clause be inserted in the statehood bill prohibiting the manufacture and sale of intoxicating drinks.

Gentlemen, all the Oklahoma churches, in their official annual meetings during the past twelve months and the twelve months preceding, at least twice, and, I think, some of them four different times, have passed similar resolutions and sent up memorials repeatedly to Congress asking prohibition for the new State.

I have here a petition addressed to Congress, in three parts or sections, which reads as follows:

To the honorable the Senate and the House of Representatives of the United States in Congress assembled:

We, the undersigned voters, would respectfully memorialize your honorable body asking that, in providing statehood for Oklahoma, you incorporate a clause in the statehood bill forbidding the manufacture and sale of intoxicating drinks in the entire new State, as provided in the Gallinger-Stone amendment to the statehood bill as passed by the United States Senate February 7, 1905.

Last year this petition was presented to the Senate, signed by 20,000 Oklahoma people. Here we have 20,000 more.

These petitions are signed in the first part by voters, then in the second part by women who are so ably represented by our sister, Mrs. Ellis, and then by young people, the boys and girls who will be affected by the action of Congress on this great subject. Forty thousand Oklahoma citizens plead with Congress—plead with you—to give us prohibition statehood. There are 40,000 signers to this petition already and more to follow. They are coming to me by hundreds

and thousands yet. I suppose I will have several more thousand names added to this before it is presented on the floor of the House.

You may ask, "Why do we ask Congress to settle this when so many of our friends in the delegation now say, 'Yes, we are in favor of prohibition, but let us vote it on ourselves.'"

One question only, it appears to me now, remains between those who have spoken on the one side and those on the other, and that is whether Congress shall provide the needed prohibition in the bill or not. We would say, first, we are simply asking that Congress continue the policy of the Government in the past. The policy hitherto has been uniformly prohibition for the Indian country. We are simply "standing pat." We simply say what the attitude of the Government has been, and we ask that it be continued.

Mr. MOON. What do you mean by the Government's action in that connection in the past?

Mr. THOMSON. The action of the Senate in passing the Gallinger-Stone amendment.

Mr. MOON. That does not happen to be the Government.

Mr. THOMSON. I mean to say this: The action of the Government in the past has been to maintain prohibition in that country. Then the Senate in making provision for statehood provided for prohibition for the whole State, as it was seventeen or eighteen years ago, when that country was all under prohibition. Now, we ask that this be continued.

Mr. COLE. Is not a cardinal principle of the organization which you represent local option?

Mr. THOMSON. No, sir; where there is no opportunity for complete prohibition the Anti-Saloon League stands for local option; but that is merely as a measure or step in a general advance. Eventually we hope for the complete exclusion of the saloon from all America and from the whole world.

Now, permit me to say we are eager for immediate statehood, and especially for the only kind of statehood we believe the Congress is willing to give. We are not obstructionists. Prohibition belongs in the bill, and the antiprohibitionist is the real obstructionist.

But why are we not willing to leave it to a vote of the people? Because the nation has promised it, and also because on account of the peculiar conditions that exist there we could not have a fair vote. We know of the appropriation of several hundred thousands of dollars by the brewers of the nation for carrying that election. It has been suggested by a member of our delegation that he would be willing that the question of prohibition be left to the vote of the people if the saloons could be shut for six months before the election and the liquor people's money shut out. The only difference between his idea and mine is as to the length of time necessary for protecting the purity of the ballot. The certainty of their colonizing and corrupting voters makes it necessary that Congress decide the matter for us.

Again, the character of the Indians of Oklahoma makes an additional reason for asking Congressional action. We have about 90,000 Indians, and most of these are blanket Indians. These will be much more easily corrupted by such influences than those of the Indian Territory.

One other phase of the question demands my attention, namely,

why we ask prohibition for the whole State. Oklahoma has saloons, and to force prohibition over that part of the State, our opponents say, is unjust. Since we are to be joined together in one State, if uniform laws are to govern the State, the enabling act must either impose prohibition on Oklahoma or force the saloon on Indian Territory. It is now evident to every member of the committee what an injustice it would be to force the saloon on Indian Territory. It would not be so wrong to bring us under prohibition. Many of our people favor it. Some of these speakers here to-day say a majority are in favor of it, and the petition I am presenting asks it. And while the men who have money invested in the business would be injured financially they can not claim that any inherent rights have been trampled upon. The Supreme Court of the United States has decided, in the case of *Crowley v. Christensen* (137 U. S., 86)—

The right to sell intoxicating liquor, so far as such a right exists, is not one of the rights growing out of citizenship of the United States. There is no inherent right in a citizen to sell intoxicating liquor by retail; it is not a privilege of a citizen of a State or a citizen of the United States.

We all recognize the folly of attempting to make a State half under prohibition and the other half with saloons. Last winter, while the first form of the Gallinger amendment was pending in the Senate, the *Daily Oklahoman* one morning had on its first page in red letters these striking words, "Half wet and half dry; what a mixture we shall buy when in the State we vainly try to be half wet and half dry."

One other consideration, gentlemen, I must ask your indulgence to present. Those parts of the present Territory of Oklahoma where the Indians are located will be unsafe when he have statehood unless we have real prohibition. The decision of the Supreme Court of the United States in the *Heff* case last spring declares that the privileges of an Indian who has received his allotment of land in a State may not be abridged on account of his race any more than those of any other citizen.

If the saloon exists in the new State, the Indian may buy and drink all the intoxicants he wants. The danger to the Indian is great, and the danger to his white neighbors is also great. Our present governor of Oklahoma said to me a year ago:

Large numbers of business and professional men will favor prohibition, many of whom are neither prohibitionists nor teetotalers themselves, because they recognize that the welfare of the Indians themselves and the safety of their white neighbors demand that when the Indian comes to full rights of citizenship he shall not have access to the open saloon.

If there were time to present them I should here give you many examples of the extreme danger to the homes and families of the white neighbors of drunken Indians even now, when it is illegal to sell to them. How much worse will it be when their rights to buy and drink are unlimited?

Gentlemen of the committee, in conclusion permit me to ask you on behalf of these petitioners, on behalf of these churches, and on behalf of the whole people of Oklahoma to protect us from the open saloon—and at the same time protect our Indians from their worst foe, and protect our homes from drunken Indians by putting a clause in the enabling act making prohibition coextensive with the bounds of the new State of Oklahoma.

The CHAIRMAN. Time.

Mr. C. G. JONES. I would like to have the indulgence of the committee, for two minutes by your watch, to introduce a full-blood Indian, Ridge Paschal.

STATEMENT OF MR. RIDGE PASCHAL, OF TAHLEQUAH, IND. T.

Mr. PASCHAL. Thank you, Mr. Jones. I can not make a speech in two minutes, and no other mortal man can. [Laughter.] I will confine myself as much as possible to the subject in hand. I think I am entitled to five minutes.

I have listened to this debate all day. All of you seem to have forgotten a great fact, and that is that on the 5th day of March next there will not be an Indian in the Indian Territory. They will all be American citizens—no better and no worse than any other. [Applause.]

Another thing, you can not put hobbles on a giant. If the State wants prohibition it will have it, and all the enabling acts this side of Christendom won't keep the State tied to prohibition if the State is against it. The Southern States tried to fight their way out of the Union, and the Supreme Court decided that there was no way to get them out, and if they could not fight out, you could not put a State out; if you could, justice to all others would obliterate Nevada from the map. The child of the forest presents you your own official report to show you that prohibition does not prohibit. There are thirty-four hundred drinking places in Kansas and only eleven hundred in Oklahoma. Arkansas, under local option, has fourteen hundred. You have placed extreme prohibition upon my people. I have seen them by the hundreds, accompanied by negroes and whites, go to the penitentiary for violating it. In one Christmas week, in the capital of the Cherokee Nation, as mayor, I fined 18 people for being drunk, and in Kansas City only 22, with open saloons, were fined. So help me God, if I believed that prohibition would prohibit, I would stomp the Indian Territory and Oklahoma from one end to the other. For myself I have not taken a drink of whisky in thirty-six years, and do not know what the taste of it is now. [Laughter.]

I want to say this, that if you will go down and look at the conditions in the Territory there you will find that you can not openly get a drink in the Territory; but if you spent a thousand dollars and painted your nose red, and somebody saw you on the street, they would ask you if you didn't want one. [Laughter.] Therefore, I simply say to you, turn us loose. We will behave ourselves. We know how to behave ourselves.

I will say now that I have mingled with the whites, and with every species of whites, and I have been with the Mexican and with the darkey, and in my opinion the full-blood Indian is the most law-abiding man on earth, and every time you galvanize us we inherit some lawlessness.

Now, as to my friend Porter, let the people of his own council express the truth. They said his people did not want to go with Oklahoma or Sequoyah, and said General Porter could not lead them to the separate State movement and then deliver them over to Oklahoma. The full blood does not want a territorial government—Oklahoma or Sequoyah—but wants his own government back, and

the Dutch Jew who comes from London will give him his own government back, and that is all he wants. [Laughter.]

Now, Mr. Chairman, I say this to you: We are cosmopolitan. You, yourselves, have extracted the best from the people of the world, and we people of the Indian Territory and Oklahoma have extracted the best of you. [Applause.] We are your equals in virtue, in intelligence, and in religion, and when we come up here we have to teach Washington how to go to church. [Laughter.]

Just one thing more: When a man tells about his forefather being from Germany, and his grandmother from the Rhine, and another ancestor as having a fine Italian eye, and so on, it is more so that way with us in Indian Territory than anywhere else. Therefore, turn us loose; do not put bonds upon us. You do not restrain other States. Trust us, and if we declare for a license, we will enforce it. If we declare for prohibition, we will enforce that. If we declare for local option, we will enforce that. But let every one of us, Indian or white, be able to say—

Strong-limbed and free I stand, every inch a man.
Not Anglo-Saxon, but American!

(Prolonged applause.)

Mr. SWEET. Mr. Chairman, I do not rise to make a speech. If I had an idea of entertaining you, as my predecessor has done, it would have vanished before this. It had been my purpose to conclude the Indian Territory case in about a five-minute talk, and I had intended to answer with facts several reflections that have been made on the State of Kansas, but I thought perhaps the committee might prefer to accord to me the privilege of printing, in connection with the remarks I made yesterday, what I would say in about five minutes. If the committee prefers that, I would be glad to prepare for the stenographer some statements that I otherwise would want to submit orally now.

The CHAIRMAN. Without objection, the permission desired will be granted.

Mr. KLEPPER. Do I understand that you represent the Anti-Saloon League of Indian Territory?

Mr. THOMSON. Yes, sir.

Mr. KLEPPER. You are not asking for absolute prohibition for Oklahoma?

Mr. THOMSON. Yes; our petition is for absolute prohibition for the whole State for twenty-one years, just as was provided in the Gallinger-Stone amendment, as passed on the 7th of February, 1905.

Mr. KLEPPER. I understood from what you read that you would let them sell it for certain purposes.

Mr. THOMSON. That was passed by one of the churches, but the agreement among us is that there shall be an exception for medicinal purposes. This church, however, mentions the three—medicinal, mechanical, and scientific. We prefer to have the provision as passed by the Senate in the Gallinger-Stone amendment, making that confined to medicinal uses of intoxicants.

Mr. KLEPPER. I just wanted to understand that.

**SUPPLEMENTAL STATEMENT OF REV. EDWIN C. DINWIDDIE,
LEGISLATIVE SUPERINTENDENT OF THE ANTI-SALOON LEAGUE
OF AMERICA, ROOMS 30 AND 31, BLISS BUILDING, WASHINGTON,
D. C.**

Mr. DINWIDDIE. Mr. Chairman and gentlemen: I shall have to be brief, although I had hoped, had there been time, completely to summarize the arguments of our side. For the proponents of the measure, may I have the privilege, in order to get a full statement before the gentlemen who are not here to-day, of extending my remarks in the printed record? There are some things which I want to say, but if thus favored I will not seek to trespass upon your time to say all of them at this late hour.

The CHAIRMAN. Without objection it will be so allowed.

Mr. DINWIDDIE. I thank you, Mr. Chairman and gentlemen of the committee. In order that our respective interests may be fully appreciated, I desire to say at the outset that Mr. Sweet represents the work of the churches and temperance forces in Indian Territory, federated together for prohibition statehood, and auxiliary to our national anti-saloon league. Mr. Thomson represents the same forces in the Territory of Oklahoma. As I stated on Wednesday, I have the honor to represent the national body, which has auxiliaries to-day in about forty States and Territories of the Union, and which practically represents from eight to ten millions of our people.

I do not need to say that the situation in Indian Territory and Oklahoma is unusual and unprecedented. Questions are arising when statehood is being considered for these Territories which have never arisen upon the admission of any other State. These unusual conditions require unusual treatment, but I am quite confident that a satisfactory solution of the question in which we are specially interested can be found without doing violence to any of the cherished principles which have been maintained by either school of political thought in our country.

Before I give an outline of what I believe will be a satisfactory solution, permit me simply to supplement what Mr. Sweet has said concerning the necessity for continuing effective prohibition in the Indian country in some form, by adverting to some startling incidents in the neighborhood of Indian reservations in the Northwest since the decision of the Supreme Court in the Heff case has opened up the sale of liquor to what are called allottee Indians wherever they may be, under the recent construction of the act of January 30, 1897. These clippings are not from temperance or religious periodicals, but are from the secular press and from a portion of it which has not been particularly friendly to the temperance question in general.

[Sioux City Daily Press, May 3, 1905.]

**TAKEN A CENTURY—FEDERAL SUPREME COURT HAS REDUCED THE LIFE OF THE
INDIAN RACE.**

Pendar, Nebr., May 2.—By its decision two weeks ago the Supreme Court of the United States has taken perhaps a hundred years from the life of the Indian race.

This is the consensus of opinion of Indian agents, United States marshals, and United States attorneys who have waged long wars with the bootleggers of western reservations and are entirely familiar with conditions that surround the red man.

"It amounts to simply this," said a Federal officer in discussing the effects of the decision. "The Supreme Court has now made it impossible for us to punish bootleggers selling liquor to reds owning their own allotments. So, in order to secure a conviction hereafter, we apparently must prove that the defendant sold liquor to Indians who had not yet received their allotments. Do you not see that this is a practical impossibility? Under the previous circumstances it has been difficult enough to secure a conviction when sale of liquor to any Indian was forbidden. We must now show, apparently, that the liquor dealer knowingly sold to an Indian who had not received his allotment. This is still more difficult, for the dealer may honestly enough plead that he was mistaken in the identity of the redskin, or had been told he had received his allotment. And even if the dealers do not take advantage of the law to sell indiscriminately to all Indians, it will amount to as much, when any Indian can get all the whisky he wants merely by asking his tribesmen owning allotments to secure it for him. To my thinking, this means that the Indians of America may go on one long spree."

No one who has not seen Indians in a debauch can realize the significance of this decision. The Supreme Court in effect says that Indians having an allotment are American citizens and have the inalienable right of drinking whisky if they want to do so. Anyone visiting the town of Homer, Nebr., for example, could on almost any day see the "American citizens" hauled off to the hovels in the bottom of wagons, paralyzed by liquor. Squaws with babies on their backs can be seen lolling indiscriminately over the bucks. And at the end of their journey they are all dumped out like so many hogs, to lie in a stupor until they recover sufficiently to return to town and repeat the experience.

In villages along the border of every reservation in South Dakota and Nebraska are saloon keepers who justify themselves by declaring: "If we don't sell whisky to the red devils, some one else will."

When it is remembered that the whisky given Indians is the vilest of all concoctions dignified by that name; that Indians are never known to drink liquor in moderation, but gulp it down whole pints without stopping; that the Indian once devoted to liquor never ceases his debauchery as long as he can secure drink, going from one spree into another till his body is wrecked by the poisonous drugs; then the fatal meaning of this ruling by the Supreme Court becomes apparent.

For illustration: A record has been kept of the Winnebago Indians in Nebraska. There are now 1,125 in the tribe. Last year there were 70 deaths and 13 births among its members. For eighteen years the numbers of the tribe have been decreasing 1 per cent annually, a rate which would wipe out the Winnebago in one hundred years. This is without doubt exceptional, for the Winnebago, thanks to a corrupt ring of bootleggers and traders which has operated for twenty years in defiance of the Federal authorities, are the most degraded in the United States.

Figures issued by the Commissioner of Indian Affairs show the total number of Indians in the United States to be 185,000; it being explained that there has been no appreciable increase or decrease in the whole number, except that the full-blooded reds have been falling off in number.

Now, of the northern Indians, the Winnebago, the Omaha and the Sisseton, Yankton and Santee Sioux, have received nearly all their allotments, and the Pine Ridge and Rosebud Sioux will do likewise as soon as their land becomes sufficiently valuable. This means that five big tribes, in these two States alone, may now step boldly into saloons and drink their fill of fire water.

For a quarter of a century the hand of the Federal law has been laid heavily on every saloon keeper, and he has been informed that the sale of liquor to Indians would land him in prison. But now the liquor dealers can mock the officers. They have the indisputable right to keep the reds in a state of constant intoxication. With the records showing that with all the protection of the Government the full-blooded Indians of the United States have been falling off, it is apparent that the downward push of this court decision will subtract decades from the period during which the red men of America have been destined to live.

[Argus-Leader, Sioux Falls, S. Dak., May 2, 1906.]

FIRST TASTE OF IT.

The town of Homer, Nebr., which borders on the Winnebago Reservation, is getting the first taste of the practical workings of the recent decision by the Supreme Court of the United States, declaring it to be legal to sell intoxicating liquors to Indians holding lands in severalty.

A dispatch from Homer says that for the last week drunken Indians—men and women—have made Homer "a hell on earth." The climax came last Friday, when a fight started which lasted all the afternoon and far into the night. The city marshal was beaten into insensibility, decent citizens were driven off the street, people on the highways used by the drunken Indians on their return home had to run for their lives, and, all in all, it was a perfect saturnalia, which no doubt would greatly have shocked the gowned and sober judges whose foolish decision made it possible.

Homer is a license town, but it is not likely to be again. The question of granting licenses will come up before the town board to-day, and the business men—usually in favor of license—have held a meeting and reached a practically unanimous agreement to go before the board to-day and protest against the granting of licenses for the coming year. The report from Homer says that "dozens of Indians and squaws" could be seen lying about the streets in a drunken stupor, and that "dozens of fights and drunken brawls" resulted from the indiscriminate sale of fire water to the reds.

So far no South Dakota towns have reported such scenes, but that they will inevitably follow the decision of the Supreme Court no one doubts. Crime will be increased, and the expense of maintaining even a decent show of law and order will be terrific, unless on a rehearing the Supreme Court shall reverse itself, or unless the border towns adopt the probable policy of Homer and go it dry—a solution which, under the circumstances, does not promise well.

There has not been a speaker on the other side who has taken the ground that some adequate provision should not be made to safeguard both the Indians from drink and the Indian's neighbors from the well-recognized consequences of his drinking. The whole issue, therefore, turns largely upon the question as to how this protection is to be afforded. Seriously, no one who is acquainted with the conditions in that country will gainsay the statement that to keep liquor away from the Indians generally it is necessary to keep liquor out of the Indian's country. So long as these Territories remain such, the Federal Government can carry out its treaty stipulations with the Five Civilized Tribes and prohibit the introduction and sale of intoxicating liquors in that country. I shall not digress to advert to the language of these treaties, nor to argue the point that the opponents of our amendment from Oklahoma and Indian Territory are seriously in error when they contend that these treaty obligations end on the 4th of March, when on their very face, as a matter of fact, they virtually commence on that day; and, further, that the Indians themselves would in all probability have flatly refused to execute these treaties with the Dawes Commission had these express stipulations concerning the prohibition of liquor selling not been incorporated therein, because all of these facts, I think, have been fully and conclusively set forth in the argument by Mr. Sweet.

Our difficulty begins when it is proposed to substitute statehood for the Territorial governments in that country. The control of the liquor traffic within a State is essentially a police regulation, and the Federal Government can not exercise police powers in a State. I am aware that it has been claimed that the Federal Government could exercise some control over this subject in a State if, in their organic

law, the State and the people of such State should expressly give their consent. On the other hand this position is strongly controverted, and in the present case it is needless to argue it, for the same objection which is urged to our amendment on the ground that to a certain extent it takes the settlement of this question out of the hands of the people of the new State and leaves it with the Federal Government, could be successfully invoked against the proposition for the exercise of any degree of Federal jurisdiction.

Under these circumstances what can and should be done? I feel confident that we have made our case as to the obligation of the Federal Government to continue the prohibitory policy in the Indian country. It must be universally conceded that these obligations can be discharged so long as the United States exercises its control over these Territories. On the other hand, we admit that Federal jurisdiction ceases upon the admission of these Territories as States or as a State. But the people are clamoring for statehood, and practically everybody who is acquainted with the magnificent territory which they possess, the fertile soil, fine climate, enterprising and thrifty people, and all the natural resources which they can boast, must admit that by every token they are entitled to admission into the Union of the States. But I do not believe, Mr. Chairman and gentlemen of the committee, and in all this I speak in my representative capacity, that they are entitled to statehood enough to justify them in asking that solemn obligations of our Federal Government shall be wantonly disregarded. I do not think the case could be better stated than it was in the speeches of Senator Stone of Missouri, and Carmack of Tennessee, reflecting, as they do, the trend of the political thought of the minority on the general question of the relations between the Federal Government and sovereign States. In a speech in the Senate on February 3, 1905, in discussing this question, Senator Stone said:

I believe the conditions in Indian Territory, as well as in Oklahoma, are such that laws of this character would be wise, if not necessary, for a time at least, and so I am in favor of requiring the new State to agree in its constitution to the policy of prohibition. The forty thousand full-blood Indians in these Territories should not be suddenly subjected to the dangers incident to the free use of intoxicants. If later on the people of the State desire to change their policy in that behalf, it can be done; but I think they should start with prohibition.

On February 7, continuing the discussion on the Gallinger-Stone amendment, Senator Stone made use of the following language:

I believe as strongly as the Senator from Mississippi or any other Senator in upholding all the reserved rights of the States. I am as much opposed as man to invading what all of us understand to be the rights and privileges of any man to invading what all of us understand to be the rights and privileges of

I do not think it would encroach upon any right guaranteed to or reserved by the States. Undoubtedly Congress has the right to prescribe the conditions upon which a Territory shall be admitted as a State into the Union. Unusual conditions, or those which would tend to impair the rights of the State or to undermine our theory of government should not be imposed. But nothing of that kind is involved in this amendment. The thing proposed by this amendment is neither improper nor unusual. The same fact has been done before by different States. * * * I do not think the State of Missouri should have a single right that the State of Oklahoma should not enjoy to the fullest extent. We are absolutely agreed as to that. Mr. President, the conditions here are peculiar and unusual. The emergency is great for some protective legislation of this kind. What is the proposition before us?

It is that the people of the two Territories shall incorporate in their constitution a provision that the manufacture and sale of intoxicants shall be prohibited, and this is made a condition precedent for the admission of the State. Congress clearly has a right to impose that condition. The thing to be prohibited should be prohibited, as all agree. We have prohibited polygamy and slavery in new States, and why not whisky? Ordinarily I am opposed to sumptuary laws of this kind, but under the circumstances facing us in this instance I believe this amendment should carry.

The people are to vote upon the proposition to put this clause in their constitution. After the admission of the State the people can change the constitution if they wish. Nothing would stand in the way of changing the constitution in this particular, or in any particular, except the question of good faith.

This is not an attempt by Congressional act to impose a police regulation upon the people of the State. We simply require the insertion of this clause in the constitution as a condition precedent for the admission of the State, and after the State is admitted, having started them upon this line, we then leave the continuation of the policy so established to the people of the State. They can continue the prohibition or end it, as they please. We simply start the State on this road.

Mr. President, some legislation of this kind is imperative because of the peculiar conditions prevailing in those Territories.

While the same amendment was under discussion on the day the Hamilton-Beveridge bill was finally passed in the Senate, Senator Carmack, of Tennessee, used the following language:

Mr. President, I did not vote for the amendment offered by the Senator from New Hampshire the other day, because I did not believe that the Federal Government could rightly extend the exercise of police power within the boundaries of a State, while I was entirely in sympathy with the object sought to be accomplished by the Senator from New Hampshire and am willing to go as far as possible to accomplish that end.

We have incurred certain treaty obligations with these Indians with respect to the sale of liquor, and it is the duty of the Government to discharge those obligations. Whenever the Indians become citizens of the United States and of a State, of course all treaties with them are at an end. There can be no such thing as a subsisting treaty between the United States and its own citizens. But so long as that Territory is kept in the condition of a Territory the United States, by the exercise of its own police powers, may discharge the obligations of the treaties. It can not, of course, surrender its power to another government and then claim the right by reason of the obligation of the treaty. It must keep itself in a condition to perform the obligation of that treaty. To do that Congress has a perfect right to say to the people of that Territory, "We must prevent the sale of whisky within the Territory, and in order to do that we must keep you in a Territorial condition, or if you wish statehood in the Union you must give us assurance that you will discharge those obligations."

In this connection, permit me to advert to a question which Mr. Lloyd asked Mr. Sweet the other day, and which I think Mr. Sweet did not entirely grasp on account of his distance from Mr. Lloyd; but I have no hesitancy in answering it, because it simply shows the tactical position which we were compelled to take in the last Congress. As I have said, I think we have a right to ask that this prohibition be continued in perpetuity. If we were to carry out the treaty stipulations of the Government, I think we would have the right to expect that the powers of the Federal Government would be exhausted to continue this prohibition indefinitely. But, if these Territories are to be admitted as a State, the best thing that we can do is to require them to start with the prohibitory policy in harmony with these treaties, and under practical promises that it shall be continued for a period of twenty-one years and until the people shall otherwise decree.

Mr. Moon. When do these obligations end? Do you say on the 4th of March?

Mr. DINWIDDIE. No, sir; on the contrary, they really begin then, for prohibition now obtains and did then by Federal law.

Mr. MOON. The treaty obligation is purely moral.

Mr. DINWIDDIE. That is true in the sense that the Federal Government now, in so far as the law is concerned, can ignore these treaties.

Mr. MOON. If the best policy for the country should indicate or demand a change in treaty obligations, you would not for a moment think that it ought to be changed, would you?

Mr. DINWIDDIE. There is no necessity for not safeguarding the Indians in the matter of the sale of liquor in their country as far as the Federal Government can while admitting these Territories to statehood.

Mr. MOON. I am frank to say, so far as I am personally concerned, that I am very much in sympathy with you, but I may be pardoned for saying I have not been able to help my friends very much along those lines because they are generally too radical in their demands, although my sympathies are with you in that direction. What advantages will you gain by having a clause inserted in the constitution now over the proposition which I suggested a while ago? You will recollect that was this: If we put a clause in the constitution to the effect that "liquor shall not be manufactured, sold, or given away in any public or private place in Oklahoma, except under such restrictions and limitations as the legislature thereof may provide." Now, do you get any advantage in your proposition over that?

Mr. DINWIDDIE. We get no advantage under that.

Mr. MOON. Why not?

Mr. DINWIDDIE. Because the legislature under the constitution has absolutely plenary power over the subject-matter.

Mr. MOON. You get the suggestion of a new State that it is opposed to the liquor traffic, that it is in favor of prohibition, and you leave to the new State the determination of that question afterwards by its own people. In other words, it preserves the right of local self-government in connection with this prohibition matter. Now, I believe as firmly in prohibition interests as you do, but I have more interest in the doctrine of self-government than in prohibition, and whenever you try to destroy one or other of them I shall always stand for local self-government.

Mr. DINWIDDIE. I do not think you will destroy that because the people will pass on it when they adopt their constitution. They can accept or reject the constitution containing this provision.

Mr. MOON. You would put in the constitution now that it shall never be manufactured or sold, and your people have the power at any time to overturn it. The constitutional convention, as the State of Virginia did on the suffrage question, could absolutely overturn your amendment and make another law. What advantage is there in your making this contention in this way?

Mr. DINWIDDIE. The other proposition simply leaves with the legislature this matter which is not inserted, and our contention is without such insertion it is necessarily left with the legislature anyway. By inserting this provision we have a statement of the Congress of the United States that the people of the Territory, if they ask for statehood, are required to take over certain responsibilities upon themselves, and if we give them statehood they are required to accept our obligation to carry out these treaty contracts. If they fail to con-

tinue it after statehood, that is their responsibility if they become a sovereign State, and there is nothing but the question of good faith to deter them.

Mr. MOON. You can not make them keep it.

Mr. DINWIDDIE. I agree with you, Judge.

Mr. MOON. It occurs to me this way: It is the moral forces that are going to control there anyhow, and if you proceed with prohibition absolutely, without any power in the legislature to regulate the liquor traffic, I am afraid you will find the result will be this, that after operating under the constitutional amendment for a while your people will overturn the constitutional amendment and establish your liquor traffic, and go into greater excesses than if you had started in the first place moderately and had an inhibition in the constitution. You can not prohibit by law absolutely. You have to have a moral force behind it.

Mr. DINWIDDIE. We have done a good deal in Tennessee, Judge.

Mr. MOON. Yes, I am from Tennessee, and with that experience I think the State of Tennessee is in the best condition to-day of any State in the Union in regard to that matter, and it is simply because we have obeyed the voice of the people in the law of the land.

Mr. DINWIDDIE. You exclude saloons by vote down there?

Mr. MOON. Certainly; we built the sentiment to do it. We said thirty years ago that liquor should not be sold within 4 miles of any incorporated institution of learning. It took a very hard fight on the part of the temperance people to maintain that position, but it was a moderate one, and it was maintained. We took the next step this way: You shall not sell within 4 miles of any schoolhouse or institution of learning, whether incorporated or not. There came another test, and the temperance people, having proceeded with moderation, won. They would have lost out, however, if moderation had not been followed. Then we came to the towns, and then to towns of 5,000 people, so that to-day whisky can not be sold in the State of Tennessee except in about seven places—seven cities. If we had not proceeded with moderation, if we had adopted a prohibition amendment to the constitution, that work would never have been done.

Mr. BAKER. You brought that about by rescinding charters of your municipalities?

Mr. MOON. Yes; a good deal was done in that way.

Mr. DINWIDDIE. I can not defend the proposition that the Government is under obligation to extend this régime that we press for over Oklahoma, but I believe the Government ought to maintain it, and if these Territories are admitted to statehood the Government ought to require as a precedent to statehood the taking over, on their part, of these obligations that now rest upon the Government.

Mr. COLE. Do you think the argument that applies to Tennessee will apply to this case?

Mr. DINWIDDIE. No, sir; Tennessee is one of the old States of the Union. I do not think the conditions are at all alike. I know the conditions in the Indian Territory. Here is Texas on the south, with its saloons excluded in probably three-fourths of her area; Arkansas is about the same, on the east; and on the north, Kansas—a prohibition State—I have not time to take that up. I have been out in the country, and I have relatives all through it, and I know the conditions there. With the exception of a few cities, the prohibitory law

of Kansas is well enforced. I know what the conditions are in that country.

The liquor men are just waiting to swoop down on Indian Territory. I believe we are fair to all interests, and by our amendment we simply hold what has practically been dedicated to prohibition by Federal authority, by Congress, and the Executive, and we do not disturb conditions generally in those parts of the new State where liquor selling is not prohibited by law now. This seems fair all round.

The CHAIRMAN. We are under a moral obligation to the Indian?

Mr. DINWIDDIE. Yes.

Mr. MOON. If we can just protect the Indians, you think it does not matter what becomes of these Oklahoma fellows? [Laughter.]

Mr. DINWIDDIE. No; I can not give a consistent argument to defend them, because I happen to be a little of a State's rights man myself, notwithstanding the fact that I come from Ohio. One proposition I believe in thoroughly is to allow the States to settle the question within themselves in their own way. But here we have the right to allow the State to do this because it votes upon the proposition before it comes into the Union of States, but it has no right to ask admission as a State in the Federal Union at the expense of our national honor upon this proposition.

Mr. BAKER. How about the reservations?

Mr. DINWIDDIE. They are likewise affected. If we can safeguard those points and make the laws effective, that is all we contend for. But if you want to throw Oklahoma on us, as the Senate did last year, and incorporate Oklahoma with the Indian Territory, we will not refuse to accept it.

Mr. MOON. Do you know of any such amendment to any State constitution before it was admitted into the Union?

Mr. DINWIDDIE. No; not exactly like that, but there have been limitations upon States seeking admission to the Union before.

Mr. MOON. As to the suggestion I made a while ago, as to prohibition to start with, with the right of the legislature to restrict the sale of liquor—I don't want it to be understood that it is an original idea of mine, although I favor it very much. It is a provision in the law of one of our Territories.

Mr. DINWIDDIE. Hawaii?

Mr. MOON. Yes. That was the judgment of both Houses of Congress on that question at that time.

Mr. DINWIDDIE. But Hawaii is still a Territory, and Congress is the supreme law making power. We are proposing now to take this country down there out of a Territorial condition and make it a State.

The CHAIRMAN. Mr. Dinwiddie, when you extend your remarks, will you present, for the information of the committee, your views as to our authority to extend prohibition to only a certain part of the Territory and cite such instances as you may be able to?

We have never as a national body asked for prohibition in the entire new State of Oklahoma until after the Senate voluntarily extended the scope of our amendment last February. We were grateful for that and could not truthfully say that we did not want it. And even now if it shall appear that the necessary protection can not be secured without covering the territory of the entire State, I think Congress would be fully justified in going that far in order to

carry out its obligations to the Five Civilized Tribes. I have been asked by the Chair to present to the committee what we would be satisfied with as fitting the present emergency, and I say that the Gallinger-Stone amendment, made applicable to the Indian Territory and the Indian reservations in Oklahoma, together with the territory in the proposed new State lying contiguous thereto, with the maximum penalties eliminated and a carefully drawn provision for the sale by agencies for proper medical and mechanical purposes, would, in my judgment, be a satisfactory provision all around, or as nearly so as can be devised.

Mr. DINWIDDIE. Yes, sir; with pleasure. I will brief that.

The CHAIRMAN. Yes; as soon as you can get your remarks in shape, we would like to have them. Provision was made to print eighteen hundred copies of these hearings.

Mr. JOHNSTON. Mr. Chairman, there is one thing that I would like to have settled. I am going back home to-night. That question is the capital. I just ask if you can not leave that to the people. Do not put it off until 1908, so that we can get it out of politics.

The CHAIRMAN. We might possibly compromise on ten years. That may be agreed upon as a compromise. Other gentlemen, members of the committee, may not agree with me upon that. I thought when you arose that you were going to speak about court towns. The idea of the Chair was that we could not open up hearings in reference to court towns. But a good plan would be for gentlemen interested in court towns to submit briefs to the subcommittee, and we would go over them with great care. On final analysis it will be adjusted in cold blood with a view to doing justice to all the people there, without regard to time.

Mr. LLOYD. I suggest that in submitting these statements with reference to court towns, we limit them to six hundred words apiece. There are at least twenty towns, and twenty towns with six hundred words each would make twelve thousand words.

The CHAIRMAN. You can not possibly restrain the enthusiasm of gentlemen in relation to their towns.

Mr. LLOYD. When can we read them, then? Mr. Jones is very anxious to have the privilege of extending his remarks in the record to a limited extent.

The CHAIRMAN. Without objection, then, Mr. Jones will be permitted to extend his remarks. The Chair would state that all those who desire to submit briefs in relation to court towns had better submit them not later than the middle of next week. Wouldn't that be a fair suggestion?

Mr. LLOYD. Say the 20th of December.

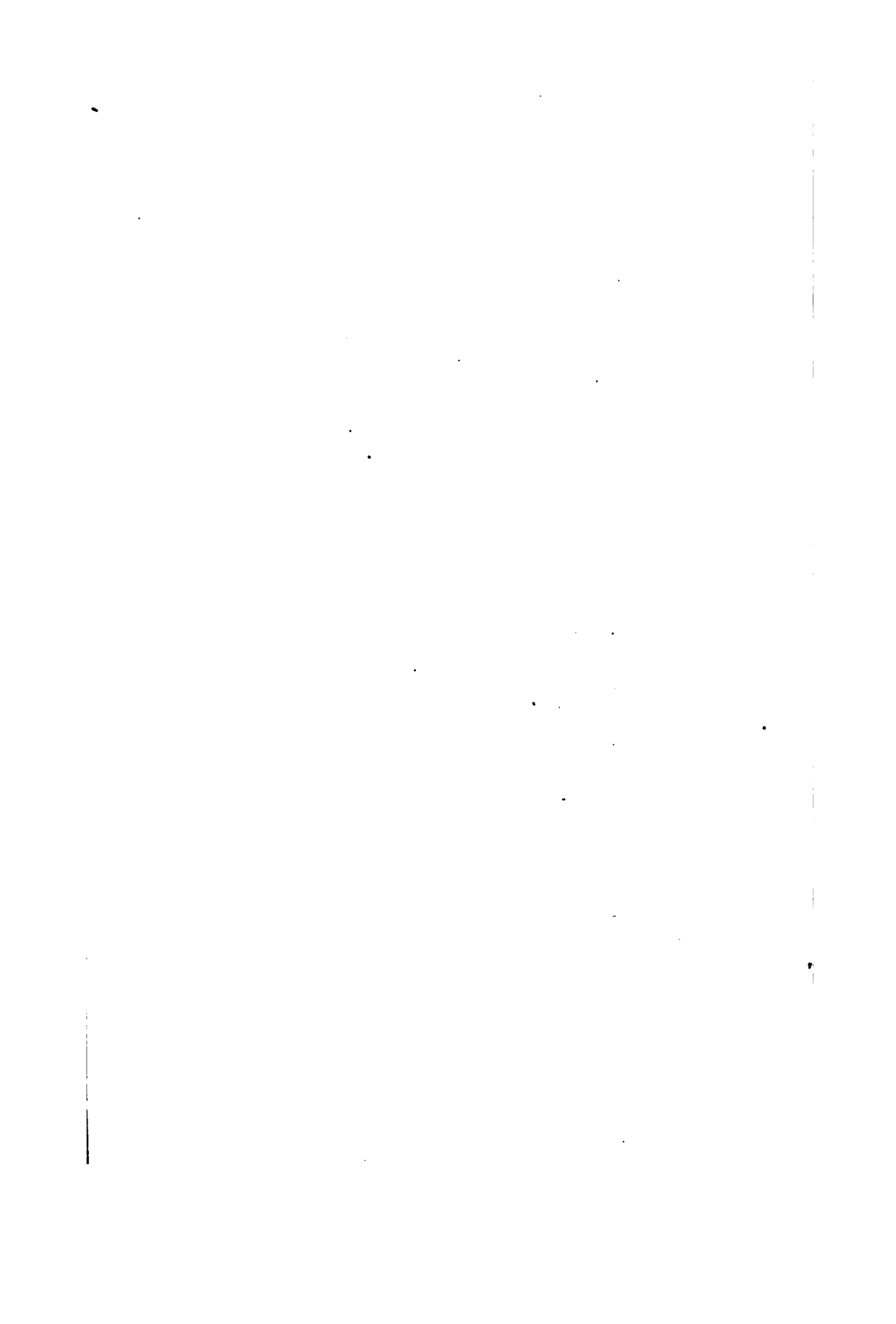
The CHAIRMAN. Yes; Congress will adjourn for the holidays on the 20th or 21st, and all these briefs should be in by that time.

I do not think this committee has made a suggestion as to when we shall meet again.

Mr. LLOYD. I move that we meet again at the call of the chairman.

The CHAIRMAN. You have heard the motion, gentlemen. All in favor of the motion will say "aye." The ayes have it, and the committee stands adjourned.

Thereupon, at 5.45 o'clock p. m., the committee adjourned, to meet again at the call of the chairman.









RAILROADS IN ALASKA.

HEARINGS

BEFORE THE

COMMITTEE ON THE TERRITORIES

OF THE

HOUSE OF REPRESENTATIVES,

59TH CONGRESS, 1ST SESSION.

(WITH INDEX AND MAP.)

**WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1906.**



RAILROADS IN ALASKA.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 9, 1906.

The committee met this day at 11.10 o'clock, Hon. Adin B. Capron in the chair.

Mr. CAPRON. Gentlemen, the committee will come to order, and the clerk will make a record of the fact that a quorum is present. If there is no objection, the roll call will be omitted.

Mr. Cushman desires to present a matter to the committee.

STATEMENT OF HON. FRANCIS W. CUSHMAN, A REPRESENTATIVE FROM THE STATE OF WASHINGTON.

Mr. CUSHMAN. Mr. Chairman and gentlemen of the committee, there is pending before the House and before this committee a bill introduced by myself, being H. R. 4471. It is a bill to aid in the construction of a railroad and telegraph and telephone line in the district of Alaska. This bill contemplates the extension of Federal aid in the construction of this road.

I do not intend this morning to make any extended remarks in reference to the purview of this bill. The only object I have in calling it up this morning is to try and induce the committee, if possible, to set down a date certain in the near future when we may have an opportunity for perhaps two days—during at least two meetings, and more if desired by the committee—on which to have hearings upon this bill.

Without any intentional egotism, I consider it as one of the most important bills before the House. It is drawn in direct line with, and largely in response to, the recommendation made by the President in his annual message, in which he suggests the propriety of extending Federal aid to the construction of a road.

At the present time practically the only railroad running through the Territory of Alaska is the White Pass and Yukon Road. That extends for only about 20 miles through American territory, from Skagway to the international boundary. It then passes through British territory down to what is known as White Horse Rapids, toward Dawson City, and then makes connections with steamboats that run through British territory. The route is a very difficult one, and passage over the line is frequently interrupted for long periods

in the winter, and it has been the desire of the Administration to secure what shall be an all-American route—that is, a route running exclusively through American territory.

If any person will spread out before him a map of Alaska and look at it, he will notice on the great bend on the southern side of Alaska that in the center of that bend it is a very short distance comparatively through American territory to what is known as the Yukon River, which furnishes a great waterway navigation up and down the district of Alaska. Here is the narrow place that I refer to [indicating on a map], this [indicating] being Prince William Sound, and running across through here [indicating] to Eagle City. There [indicating] is perhaps the shortest route connecting salt water with the interior navigation.

Now, this other railway that I spoke about begins away down here at Skagway [indicating], and runs from Skagway at this point, as I say, about 20 miles to the international boundary. Then the road extends, as I remember, about 112 miles to White Horse. There is the present end of that road, and the route farther on down to Dawson is by water.

Dawson is situated near the international boundary. Now, this proposed road would be about 525 miles in length. There is no Government subsidy proposed by this bill in the manner in which that has heretofore been accomplished. The provisions of the bill are to the effect that the 15 gentlemen named in the bill shall be organized into a body corporate, who with their associates and successors shall have power to construct, maintain, and operate this road from Cordova Bay, on Prince William Sound, to the Yukon River at or near Eagle City, it being a distance of about 525 miles, and that when the road is constructed and in operation—not before, mind you, but after the road is constructed and in operation—the United States Government shall then guarantee the interest upon the bonds of that road to the extent of \$30,000 a mile, at 4 per cent, and take security upon the road and the rolling stock by mortgage bond or lien.

Now, that is in brief the proposition, and I think that all of the gentlemen here present who are familiar with the legislation that has heretofore been enacted in aid of the construction of the Pacific railroads will realize that this is a proposition much more moderate and modest in its terms than any of that legislation. I may say that under any ordinary circumstances I would not be an advocate of governmental aid in the extension of railroads. I think I may say that if there is any one place in our domain where we are justified in extending governmental aid in a small way to railroads it would be in the district of Alaska, and I think that any of the gentlemen who will take this bill and carefully look it over will see that what we have really asked of the Government is a very small amount of aid, and that aid, when extended, is in such form and hedged about with such limitations that the Government will be absolutely protected.

Mr. CAPRON. And finally, Mr. Cushman, you do not contemplate that the Government will be out a dollar?

Mr. CUSHMAN. Not a cent.

Now, I do not desire to take the matter up in extenso this morning, but I would be glad to have arrangements made for a hearing.

(At this point a number of members of the committee entered the room, among them the chairman, Hon. Edward L. Hamilton.)

Gentlemen, I was just presenting, in a preliminary way, my bill, which was introduced in the House, providing for the construction of a railway in Alaska, and providing also for a very small amount of governmental aid, in the hope that the committee will feel justified in setting down a certain time for us to be heard—within a reasonable time, perhaps within ten days or two weeks, or within a week—when we may take this matter up and have a few hearings and present to the committee somewhat fully our views and arguments.

Mr. CAPRON. May I ask you, will there be a considerable number of persons to be heard other than yourself?

Mr. CUSHMAN. I apprehend five or six persons, at least. My judgment about this matter is that while this bill will not awaken intense antagonism in the House it is only just to the committee, in order to fortify ourselves against any objections, to put this committee in possession of all the facts; and in order to meet any objections that may come up I think it best to go into the matter somewhat fully and present testimony, in the first place, to show that a reasonably complete preliminary survey has been made; that an examination has been made of the character of the harbor and the character of the mineral and clay deposits that exist there have been determined. The character of the construction and approximate cost of it have been ascertained, and it is shown that the cost of this road will practically be from \$30,000 to \$40,000 a mile. Therefore the aid which we are asking of the Government is nothing exorbitant.

Mr. HIGGINS. Will you give me the number of that bill?

Mr. CUSHMAN. Yes, sir; H. R. 4471.

There are a number of gentlemen that we would like to have up here before the committee. One of them is quite an eminent engineer, and during the past summer he has made a preliminary investigation and survey over this road.

Mr. CAPRON. Could you suggest a day that would be most convenient to yourself as well as to the committee?

Mr. CUSHMAN. Yes; the usual meeting days of this committee would be satisfactory.

Mr. HAMILTON (chairman). Meetings are on the call of the chairman.

Mr. CUSHMAN. I think it would meet our wishes if we could have the first meeting on this subject about ten days from now—on the last of next week, say; that would give us an opportunity to bring one man here whom we desire to bring from Seattle.

Mr. HAMILTON. I take it you are speaking about this proposed railroad to Eagle City and are talking about having people here to address the committee?

Mr. CUSHMAN. Yes, sir.

Mr. HAMILTON. Why would it not be a good idea for Mr. Cushman to notify us when he has his people here? Then we could call a meeting of the committee.

Mr. CUSHMAN. That is certainly very kind.

Mr. CAPRON. We will consult with the chairman, and I am informed the chairman will agree to carry out your wishes and fix a day to which you and your friends can readily adjust yourselves, and then the committee will be called together by the chairman.

Mr. CUSHMAN. That is better than my suggestion by far.

Mr. HAMILTON. I suggest, in regard to that bill, that we should have very complete hearings, and every member of this committee should be fully informed as to what is desired in the premises. This is somewhat of an innovation, possibly, and whatever the committee does in regard to it, every member of the committee should be prepared to defend—that is, if the committee takes any positive action in regard to it, I think it is important that we should have a full hearing in relation to the matter.

Mr. CUSHMAN. I think that is true, and that is one reason why I hoped to make this arrangement. We hope to be able to go a little into the history of what the Government has done heretofore in matters of this kind, in order to show that the proposition embodied in this bill is by all odds the most moderate and conservative action that has ever been asked along these lines.

Mr. POWERS. This is the bill where you ask the Government not to guarantee anything until the road is completed?

Mr. CUSHMAN. Yes.

Mr. POWERS. Not where you will build only a few miles and have the Government aid it, and then throw the claim up?

Mr. CUSHMAN. Exactly.

Mr. POWERS. That scheme commends itself very much to my judgment. I understand in that country there are portions where you might build a few miles very readily and other portions where it would be very difficult to build a road?

Mr. CUSHMAN. Yes.

Mr. CAPRON. I assume, Mr. Cushman, that the committee are as desirous to have full and accurate knowledge about this matter as you are desirous to give it, and the committee will confirm whatever arrangement you may make with the chairman in regard to hearings.

Mr. CUSHMAN. I thank you very much, sir.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Friday, January 19, 1906.

The committee met at 10.30 o'clock a. m., Hon. Edward L. Hamilton in the chair.

The CHAIRMAN. The bill before us, on which we will have a hearing this morning, is House bill 4471, entitled "A bill to aid in the construction of a railroad and telegraph and telephone line in the district of Alaska."

The bill is as follows:

A BILL to aid in the construction of a railroad and telegraph and telephone line in the district of Alaska.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That William L. Bull, Grant B. Schley, Winthrop Smith, William S. McLean, Sabin W. Colton, junior, W. Frederick Snyder, Irving A. Stearns, William M. Barnum, William B. Kurtz, Charles P. Hunt, Ernest Thalmann, James H. Wilson, Samuel M. Felton, John H. McGraw, Andrew F. Burleigh, and all such other persons who shall or may be associated with them, and their successors, are hereby created and erected into a body corporate and politic in deed and in law by the name, style, and title of the "Alaska Railroad Company," and by that name shall have perpetual succession

and shall be able to sue and to be sued in all courts of law and equity within the United States and its Territories, and to make and have a common seal. And said corporation is hereby authorized and empowered to lay out, locate, construct, furnish, maintain, and enjoy a continuous railroad, telegraph, and telephone line and branches, with the appurtenances, namely: Beginning at a point on the Gulf of Alaska, at or near the head of Cordova Bay, in the district of Alaska; thence by the most eligible route, as shall be determined by said company, within the territory of the United States, to a point on the Yukon River at or near Eagle; and is hereby vested with all the powers, privileges, and immunities necessary to carry into effect the purposes of this act as herein set forth. The capital stock of said company may consist of two hundred thousand shares of one hundred dollars each, all of the same class and grade, or of such lesser amount as the board of directors of said company may by by-laws determine, which said stock shall, in all respects, be deemed personal property, and shall be transferable in such manner as the by-laws of said corporation shall provide. The persons hereinbefore named are hereby appointed and constituted the first directors of said corporation, to hold their said offices until their successors are duly elected, at the first stockholders' meeting, to be held as hereinafter provided, and qualify, of whom seven shall be a quorum for the transaction of business, which said stockholders' meeting shall be held within six months after the passage of this act. The board of directors of said corporation, after the board hereinbefore constituted as the first board of directors, shall consist of nine persons, five of whom shall constitute a quorum, and said board of directors shall be invested with all the corporate powers of said company. The first meeting of said first board of directors shall be held at such time and place in the city of New York, in the State of New York, as may be designated by a notice delivered to each of said persons hereinbefore named and signed by not less than three of the said persons hereinbefore named, said first meeting to be held not later than ninety days after the passage of this act. Said first board shall organize by the choice from its number of a president, vice-president, secretary, and treasurer, and they shall require from said treasurer such bonds as may be deemed proper, and may, from time to time, change the amount thereof at their discretion. The secretary shall be sworn to the faithful performance of his duties, and such oath shall be entered upon the records of the company, signed by him, with the oath verified thereon. The president and secretary of said board shall in like manner call all other meetings, naming the time and place thereof. It shall be the duty of said first board of directors to open books, or cause books to be opened, at such time and place as they, or a quorum of them, shall determine, within four months after the passage of this act, to receive subscriptions to the capital stock of said corporation. So soon as five thousand shares shall in good faith be subscribed for, the said president and secretary of said first board of directors shall appoint a time and place for the first meeting of the subscribers to the stock of said company and shall give notice thereof either personally to each subscriber by mailing to his address, as shown by the books, or in a newspaper published in the city of New York at least ten days previous to the day of meeting. Such subscribers as shall attend the meeting so called, either in person or by lawful proxy, then and there shall elect by ballot nine directors for said corporation, and in such election each share of said capital stock shall entitle the owner thereof to one vote. The president and secretary of said first board of directors, and in case of their absence or inability any two of the officers of said board, shall act as inspectors of said election and shall certify under their hands the names of the directors elected at said meeting. The said first directors, treasurer, and secretary shall then deliver over to said directors all the property, subscription books, and other books in their possession, and thereupon the duties of said first directors and the officers previously appointed by them shall cease and determine forever. Thereafter the stockholders shall constitute said body politic and corporate. Annual meetings of the stockholders of said corporation for the choice of officers and for the transaction of business shall be holden at such time and place and upon such notice as may be prescribed by the by-laws.

Sec. 2. That the right of way through the lands of the United States in the district of Alaska for a standard-gauge railroad, telegraph, and telephone line is hereby granted to the said Alaska Railroad Company from some point on the Gulf of Alaska at or near the head of Cordova Bay, to be determined by said company, to a point on the Yukon River at or near Eagle, by the most eligible route, the same to be built wholly within American territory, to the extent of one hundred feet on each side of the center line of its railroad; also the right

to take from the lands of the United States adjacent to the lines of said road materials, earth, stone, and timber necessary for the construction of said railroad, telegraph, and telephone line; also the right to take for railroad uses, subject to the reservation of all minerals and coal therein, public lands adjacent to said right of way for station buildings, depots, machine shops, side tracks, turn-outs, water stations, and terminals and other legitimate railroad purposes, not to exceed in amount twenty acres for each station, to the extent of one station for each ten miles of its road, excepting at terminals and junction points, which may include an additional forty acres, to be limited on navigable waters to eighty rods on the shore line, and with the right to use such additional ground as in the opinion of the Secretary of the Interior may be necessary where there are heavy cuts and fills: *Provided*, That at the ocean terminal of said road, on the Gulf of Alaska, on the Pacific said terminal lands hereby granted shall include one hundred and sixty acres and shall be limited to one hundred and sixty rods on the shore line: *And provided further*, That nothing herein contained shall be construed to give to such railroad company, its lessees, grantees, or assigns, the ownership or use of minerals, including coal, within the limits of its right of way or of the lands hereby granted: *Provided further*, That all mining operations transacted or undertaken within the limits of such right of way or of the lands hereby granted shall, under rules and regulations to be prescribed by the Secretary of the Interior, be so conducted as not to injure or interfere with the property or operation of said railroad over its said lands and right of way. And when said railroad shall connect with any navigable stream or tide water, such company shall have power to construct, maintain, and operate such piers, wharves, docks, bunkers, and terminals as may be necessary and convenient for connection with water transportation, and for that purpose may take, possess, and use the shores in front of said terminals and extend said piers, wharves, docks, bunkers, and terminals to deep water, subject to the approval and supervision of the Secretary of the Treasury. That all charges for transportation of freight and passengers on said railroad shall be just, fair, and reasonable, and shall be subject to all the provisions of an act entitled "An act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, and all other acts amendatory or supplemental thereof.

SEC. 3. That said company, where its right of way, or where its tracks upon such right of way, pass through any canyon, pass, or defile, shall not prevent any other railroad company from the use and occupancy of said canyon, pass, or defile for the purposes of its railroad or the crossings of its roads at grade, upon such terms and compensation as are just, and the location of its right of way through any canyon, pass, or defile shall not cause the disuse of any tramway, wagon road, or other public highway now located therein, nor prevent the location through the same of any such tramway, wagon road, or highway, provided the same shall not be so located or constructed as to impair the use of such railroad, telegraph, and telephone. And where any change in the location of such tramway, wagon road, or highway is necessary to permit the passage of such railroad through any canyon, pass, or defile, the said company shall, before entering upon the ground occupied by such tramway, wagon road, or highway for construction purposes, cause the same to be reconstructed at its own expense, in the most favorable location and in as perfect a manner as the original road or tramway: *Provided*, That such expenses shall be equitably divided between said company and any other railroad companies that may now or hereafter keep and use the same canyon, pass, or defile, and that where the space is so limited that it is necessary for said railroads to occupy and use the same tracks or roadbed, if the said companies can not agree upon terms and compensation for such use, the same shall be determined by the United States district court for Alaska having jurisdiction over such place. And nothing herein shall deprive Congress of the right to regulate the charges for freight, passengers, or wharfage.

SEC. 4. That where said company shall, in the construction of said railroad, telegraph, and telephone lines, find it necessary to pass over private lands and possessory claims on lands of the United States, in case it can not agree with the owners or claimants for right of way, it may condemn the same in accordance with section three of the act entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July first, eighteen hundred and sixty-two," approved July second, eighteen hundred and sixty-four.

SEC. 5. That said company shall file with the Secretary of the Interior, within one year after the passage of this act, a preliminary plat of its proposed route, and it shall within one year thereafter file the map of definite location provided for in this act; and said preliminary plat shall, from the time of filing the same, have the effect to render all the lands upon which said preliminary plat and route shall pass subject to said right of way.

SEC. 6. That said company shall within one year from the date of filing said preliminary plat of location of its road, as hereinbefore prescribed, whether upon surveyed or unsurveyed lands, file with the register of the land office for the district where such land is located a map and profile of at least a twenty-mile section of its road as definitely fixed, and shall thereafter each year definitely locate and file a map and profile of such location as aforesaid, but not less than twenty miles additional of its line of road, until the entire road has been thus definitely located, and upon the approval thereof by the Secretary of the Interior the same shall be noted upon the records of said office, and thereafter all such lands over which such right of way shall pass shall be disposed of subject to such right of way: *Provided*, That if any twenty-mile section of said road shall not be completed within one year after the approval of said map of definite location by the Secretary of the Interior, or if the map of definite location shall not be filed within one year, as herein required, or if the entire road shall not be completed within five years from the filing of the said preliminary plat of location, the rights herein granted may be forfeited as to any uncompleted portion of said railroad by Congress.

SEC. 7. That said Alaska railroad shall be constructed in a substantial and workmanlike manner, with all the necessary draws, culverts, bridges, viaducts, crossings, turn-outs, stations, and watering places, and all other appurtenances, including furniture and rolling stock, equal in all respects to railroads of the first class when prepared for business, with rails of the best quality, and there shall be constructed a telegraph and telephone line of the most substantial and improved description to be operated along the entire line: *Provided*, That the said company shall not charge the Government higher rates than they do individuals for like transportation and telegraph and telephone service. And it shall be the duty of the said Alaska Railroad Company to permit any other railroad which shall be authorized to be built in Alaska to form running connections with it on fair and equitable terms.

SEC. 8. That the provisions of this act, except the guaranty by the United States provided for in section nine and the limit of time for completing the main line, shall extend to such branch lines of railroad as said company may desire to construct, maintain, and operate.

SEC. 9. That the company shall have the power to borrow money and secure the same by mortgage or otherwise. For the purpose of aiding in the construction, equipment, operation, and maintenance of said line of railroad from the Gulf of Alaska at or near the head of Cordova Bay to the Yukon River at or near Eagle, in Alaska, the United States hereby guarantees, when said line of railroad is entirely completed and in operation, interest upon first-lien bonds properly secured by a first mortgage or deed of trust upon the said line of railroad, its equipment, franchises, and other property, real, personal, and mixed, then owned and thereafter to be acquired, at the rate of four per centum per annum for a period of thirty years from the time said line of railroad is completed and in operation, to the amount of thirty thousand dollars per mile upon a mileage of not exceeding five hundred and twenty-five miles. Such guaranty shall, upon the completion of said line of railroad from the Gulf of Alaska at or near the head of Cordova Bay to the Yukon River at or near Eagle, and when the same is in operation, at the request of said company, to be indorsed upon said bonds by the Secretary of the Treasury. That no debt, except as above provided, shall be incurred by any undertaking of said railroad company, its successors or assigns, by which a lien shall be created upon said line of railroad or its equipment prior to the lien of the United States, to secure the repayment of the interest paid by it under said guaranty, without the consent of the Congress. All payments of interest made by the United States under this guaranty shall be from the time the same are paid a lien upon said line of railroad, its equipment, franchises, and other property, real, personal, and mixed, then owned or thereafter to be acquired, subject only to the lien of the said mortgage or deed of trust, and shall be a first lien on the net earnings of the railroad, to be repaid yearly to the United States from such net earnings; and all sums of guaranteed interest paid by the United States not repaid to the United States from the net earnings of the railroad as aforesaid shall be due and payable to the United States upon demand; and in default of such payment

the collection of the same may be enforced by foreclosure and sale, as in the case of a mortgage or deed of trust: *Provided*, That in no event shall the total annual contingent liability of the United States, under the guaranty authorized by this section, at any time exceed the sum of six hundred and thirty thousand dollars, and such guaranty shall continue for the period of thirty years from the date when it is indorsed upon said bonds by the Secretary of the Treasury. Such bonds, however, as the company may issue upon its branch lines may run for such period and bear such rate of interest as the company may determine.

SEC. 10. That there be, and is hereby, granted to said Alaska Railroad Company two thousand five hundred and sixty acres of the public lands, to be selected by legal subdivisions, nonmineral in character, together with the mud flats in front thereof at its terminus at or near the head of Cordova Bay, for which said company shall pay to the receiver of the United States land office, in the district where such land is situate, upon approval of its selection by the Secretary of the Interior, two dollars and fifty cents per acre. Said Alaska Railroad Company shall also pay the cost of surveying the same, as now provided by law in Alaska. Said company shall have the right to select lands claimed or occupied, provided it shall obtain from the claimant or occupant an assignment or relinquishment of his right, if such lands were claimed or occupied prior to the passage of this act, which assignment or relinquishment in writing shall be filed with the survey and selection of such lands in the office of the register of said United States land office. Said company shall have the right to improve the said mud flats hereby granted for purposes of trade, commerce, and manufactures, in accordance with plans first prepared, submitted to, and approved by the Secretary of War: *Provided*, That ample streets and ways of access to the water front shall be reserved to the public by said plans and improvements: *Provided further*, That the public shall have the right to use all wharfs, docks, slips, and waterways erected upon said shores, in front of the lands granted by this section, upon payment of reasonable charges therefor: *And provided further*, That the Secretary of War shall, as soon as may be after the passage of this act, cause a pierhead line to be established along the water front at said terminus, at or near the head of Cordova Bay, beyond which toward deep water it shall be unlawful to extend any pier, wharf, dock, or other structure. Said Alaska Railroad Company is hereby given the right to confine the waters of Cordova Creek to one channel, and to straighten and deepen the same.

SEC. 11. That said Alaska railroad and any and all branches it may construct, or any part thereof, shall be a post route and military road, subject to the use of the United States for postal, military, naval, and all other Government service, and also subject to such regulations as Congress may impose restricting the charges for such Government transportation: *Provided*, That said company shall be exempt from license or other tax for five years from the passing of this act.

SEC. 12. That the directors of said company shall make an annual report of their receipts and expenditures, verified by the affidavits of the president and at least five of the directors, to the Secretary of Commerce and Labor.

SEC. 13. That the directors chosen by the stockholders in pursuance of the first section of this act shall, so soon as may be after their election, elect from their own number a president and vice-president, and said board of directors shall, from time to time and so soon as may be after their election, choose a treasurer and secretary, who shall hold their offices at the will and pleasure of the board of directors. The treasurer and secretary shall give such bonds with such security as the board may from time to time require. The secretary shall, before entering upon his duties, be sworn to the faithful discharge thereof, and said oath shall be made a matter of record upon the books of the corporation. No person shall be a director of said company unless he shall be a stockholder and qualified to vote for directors at the election at which he shall be chosen.

SEC. 14. That the president, vice-president, and directors shall hold their offices for the period indicated in the by-laws of said company, not exceeding three years, respectively, and until others are chosen in their place and qualify. In case it shall so happen that an election of directors shall not be made on any day appointed by the by-laws of said company, the corporation shall not for that reason be deemed to be dissolved, but such election may be held on any day within three months thereafter, which shall be appointed by the directors. The directors, of whom five, including the president, shall be a quorum for the

transaction of business, shall have full power to make and prescribe such by-laws, rules, and regulations as they shall deem needful and proper touching the disposition and management of the stock, property, estate, and effects of the company, the transfer of shares, the duties and conduct of their officers and servants touching the election and meeting of the directors, and all matters whatsoever which may appertain to the concerns of said company. And the said board of directors may have full power to fill any vacancy or vacancies that may occur from any cause or causes from time to time in their said board; and the said board of directors shall have power to appoint such engineers, agents, and subordinates as may from time to time be necessary to carry into effect the objects of the company, and to do all acts and things touching the location and construction of said road.

SEC. 15. That it shall be lawful for the directors of said company to receive payment in cash, or in property at its cash value, upon all subscriptions received of all subscribers at such times and in such proportions and on such conditions as they shall deem to be necessary to completely carry out the objects of this act. Sixty days' previous notice shall be given of the payments required and of the time and place of payment by publishing a notice once a week in one daily newspaper in the city of New York, and by mailing a notice thereof to each subscriber from whom such payment is due, addressed to him at the address given upon the books of the company. And in case any stockholder shall neglect or refuse to pay, in pursuance of such notice, the stock held by such person may be sold at public auction to the highest bidder, and the company may bid therefor to the amount due it upon such subscription, subject to the condition that the board of directors may allow any stockholder to redeem his stock when so sold on such terms as they may prescribe.

SEC. 16. That the better to accomplish the object of this act, namely, to promote the public interest and welfare by the construction of said railroad, telegraph, and telephone, and keeping the same in working order, and to secure to the Government at all times the use and benefits of the same for postal, military, and other purposes, Congress may at any time, having due regard to the rights of the said Alaska Railroad Company, add to, alter, amend, or repeal this act.

The CHAIRMAN. Will you gentlemen kindly state in what manner you desire to proceed?

Mr. CUSHMAN. There are a number of gentlemen here this morning who have considerable information about this bill and they may not be able to remain here any great length of time, and I would therefore esteem it a privilege if those gentlemen might be heard first, and if agreeable to the committee I would suggest that we hear from Mr. Andrew F. Burleigh to start with.

The CHAIRMAN. We will be glad to hear Mr. Burleigh, then.

STATEMENT OF MR. ANDREW F. BURLEIGH, OF NEW YORK.

Mr. BURLEIGH. Mr. Chairman and gentlemen, I suppose that every gentleman on this committee is familiar with Alaska and Alaskan conditions, but I desire to call your attention briefly to the general conditions existing there which have led to this proposition for the building of a railroad.

Alaska contains approximately 580,000 square miles of territory. It is traversed by several important rivers, the principal one, of course, being the Yukon. The Yukon River traverses Alaska from east to west, in a general way, about through the center. That river is navigable in American territory for 1,500 miles. Above the international boundary line it is navigable for 600 miles more in Canadian territory. The source of the Yukon is very near the coast in what is termed southeastern Alaska, being on the east side of the Coast Range of mountains. One of the principal tributaries of the Yukon is the Tanana, flowing in a northwestern direction and entering the Yukon

River about 600 miles above its mouth. The Tanana is a considerable stream and is navigable for several hundred miles. It rises in the Wrangell Range of mountains in central Alaska. On the south side of the Wrangell Range of mountains and south of the Tanana Valley is the Copper River, about 300 miles in length. It also has its rise in the Wrangell Range of mountains and flows in a southern direction, emptying into the Pacific Ocean. In its course it has cut a canyon through the Coast or Mount St. Elias Range of mountains, which average along that part of Alaska perhaps 6,000 feet in elevation. That is a general elevation. Of course there are some passes that are much lower.

The interior of this country is very rich in natural resources. For instance, near the mouth of the Copper River, to the east of that stream, has been discovered by American prospectors the largest and finest body of coal anywhere known on the Pacific Ocean. The United States Geological Survey have examined that coal field now for three successive years, and they pronounce it superior to any coal mine on the Pacific, either in Australia, in the United States, or in Canada. They say that it is in all respects equal to the best steam coal produced in the eastern part of the United States and compare it favorably with the Pocahontas steam coal in West Virginia, the Georges Creek coal in Maryland, and the best steam coal in Pennsylvania. This coal field has a trend, generally speaking, from the southwest to the northeast. At the southwest end of the field the coal is bituminous and coking, and as it proceeds to the northeast it becomes harder and of an anthracite character, and it is designated by the Geological Survey as semianthracite. It has a high percentage of fixed carbon—something like 84 per cent—and a low percentage of volatile matter in that part of the field. Of course, in the southwestern part, where the coal is coking, it is somewhat different, although very high in fixed carbon and far superior to any other coal that is mined or that is known to exist anywhere on the Pacific on either side.

That coal field lies back from the coast perhaps 25 miles. In front of it, to the east of the Copper River, there is no harbor, because the Copper River is made up in large part of glacial streams that come together to form it, and there is a very large deposit of alluvium at its mouth, so that the sea for miles in the vicinity of the mouth of the Copper River is made very shallow and is one great mud flat. There is also no protection there against the storms which sometimes rage in that part of the north Pacific Ocean.

Proceeding up the Copper River Valley 150 miles you come on the west flank of a region known as the Wrangell Mountains. This range of mountains lies there somewhat in the shape of an egg, or oval shape. The central core of that range of mountains is Mount Wrangell, which is a live volcano and out of which the smoke and steam pour at the present time. There is Mount Drum, Mount Sanford, Mount Regal, and Mount Blackburn in that range. Mount Sanford is over 16,000 feet high.

As you descend from this range of mountains and get upon its flanks you will find a singular geologic deposit. You will find there what the United States Geological Survey terms chittystone limestone, being a formation of massive limestone lying on the flanks of

those mountains varying from 2,000 to 3,000 feet in thickness. Immediately under that limestone is another massive stone formation, which they call Nicoli greenstone. Those two sheets of stone overlying and underlying each other have been tilted up on the flanks of those mountains. Wherever these streams and water courses coming down from this range of mountains and running into the Chitina River and the Nebasna River and Copper River cut this contact the prospectors and miners find copper. Some of it is what they call an oxide and some what they call sulphides. It is very rich and it is supposed to be the richest copper ore ever found in the world in quantity. That condition of affairs extends all around this range of mountains, and it is believed by gentlemen who are well up in mining matters that when this country has been furnished with proper transportation it will be a very important factor in the copper market of the world.

As one proceeds on up the Copper River here [indicating on map] and gets into the Tanana Valley he there finds a valley which is several hundred miles long and perhaps 25 to 50 miles in width and pronounced by army officers and by officers of the Agricultural Department, by miners and by prospectors of intelligence who have been through that country to be the very finest part of Alaska. Crossing the Tanana one comes into what is known as the 40-mile district. That is an area embracing about 2,000 square miles. According to the Geological Survey that region is almost uniformly rich in placer deposits of gold. Probably it is not as rich as some of the richest diggings in the Klondike, but there is a uniform distribution of gold in all the gravels, in all the creeks and streams and benches of that country. That is where the first gold mining was done in Alaska. That 40-mile district, of course, borders on the Yukon. At Eagle, on the Yukon, the United States Government has a military post. They also have one farther down the stream, at the mouth of the Tanana, and of course there are mail routes traversing that country. There is a United States telegraph which runs through Valdes over the mountain range through the Tanana country to the Yukon.

With all those natural resources there of course the inquiry would naturally suggest itself, "Why is it not developed?" Well, the reason is simply this: Lack of adequate transportation. It costs from 15 cents to 35 cents a pound to transport freight supplies into that country. When this matter was up for consideration before this committee last winter a gentleman stated here that he was at the Tanana Crossing, which, we will say, is 200 miles, approximately, from the Yukon and 300 miles from the Pacific, and that when he was there flour and salt and sugar were all exactly the same price per pound, and that was 75 cents; that the original cost cut no figure whatever; that the price was what the transportation cost—that was what determined the price entirely.

The men of Alaska who have been pioneering in that country for years have been extremely desirous that there should be some sort of adequate transportation provided. In the first place, they came here to Congress and asked Congress and the Administration to aid them in the matter of wagon roads.

Two years ago you appropriated \$25,000 for a survey for a wagon road from the Pacific to the Yukon, and the Engineering Department

of the United States Army made the survey. They reported that that wagon road would cost to construct a million and a half dollars. There will be further evidence presented to you, probably during this hearing, that to maintain that wagon road after it is constructed would take probably from \$300,000 to \$500,000 a year in that country, and after you have got the wagon road you have inadequate transportation, because the distances are so great. You must carry your feed and forage along to a large extent to supply your teams, and in order to supply them in traveling through that country they will have to haul up to the limit of their capacity, and then there is nothing left for anything else. Under those conditions the sentiment of the Alaskan people rapidly gravitated toward the proposition of a railroad to open up their country. Of course the men up there are interested in the opening up of the natural resources of the country. They have talked that thing around Washington here for years, and finally they induced the President to make a recommendation in his message a year ago last December that the Government should aid in the construction of a railroad—not a wagon road, but a railroad—because that was what the country demanded. And that is what the public interest demands, that the Pacific Ocean shall be connected with the Yukon River, which, with its tributaries, is navigable for about 3,000 miles, by a railroad which shall be entirely in American territory.

After that recommendation was made, at the request and urgent solicitation of a number of gentlemen from Alaska, I undertook to get together some gentlemen for the purpose of acting upon the President's recommendation and taking that matter up, and you will find the names of the gentlemen in the first section of this bill. It is unnecessary, perhaps, for me to go individually into who those men are further than to say that they are bankers, capitalists, coal miners, and otherwise men of wealth and importance in business affairs. Some of them live in New York City, some in the State of Pennsylvania, one of them lives in the State of Delaware, one of them lives in Illinois, one of them lives in Seattle, in the State of Washington. I feel confident that they have the ability and the disposition to carry out this project if the Government sees fit to invest them with the necessary corporate powers contemplated by this bill.

We have had a railroad engineer of prominence and of great skill and judgment up in that country during the past summer, since the matter was before this committee last winter. He has examined a route about which some doubts were suggested last winter—that is, the valley of the Copper River from the sea through the Coast Range of mountains to the interior of the country—and he has found it entirely practicable and, in fact, the best route by far for getting into the interior of Alaska from the coast. We get an average grade from the sea to Copper Center of about 7 or 8 feet to the mile, whereas by any other route, particularly those going by Valdes, it is necessary to operate over grades from 2 to 3 per cent, and possibly a higher per cent, in order to get both in and out. That is a condition which from a practical railroad point of view has great weight, especially in the operation of a railroad in that northern country, where the snowfall is heavy on the mountains, where there is a great deal of ice formed, which, of course, during a period of about six months in the year, would be a great tax and burden to the property.

We have projected this line from the head of Cordova Bay, a bay which has been surveyed and chartered by the United States Coast Survey, which is a splendidly landlocked harbor about 4 miles in length by a mile and a quarter to a mile and a half in width, with a depth of water varying from the shore to about 250 feet at the entrance. Copper River is approximately coincident with this black line [indicating black line which has been made on the map], which is the line of the railroad. Here is Cordova Bay [indicating], about 30 miles to the westward of the mouth of the Copper River, which spreads over a delta 50 miles in extent. Cordova Bay, as I say, is about 4 miles in length by about a mile and a half in width, with a depth of water varying from the shore off to 250 feet at the entrance, 5 miles away. Here is a picture of the bay which I would like you to look at, because it will give you a better idea of the harbor than any words of mine.

(Mr. Burleigh here exhibited a photograph of Cordova Bay to the committee.)

There is a valley of level land about a mile and a half wide between the mountains on that side and the mountains on this side [indicating on map]. Here is the bay, and from the shore line here to that island is about 4 miles [indicating on photograph], and, as I have said, the bay is about a mile and a half in width. In the entrance to the bay lies what is called Hawkins Island, which, as you will see here, runs up to a mountain point. The entrance is on the north side of that island, and, while the bay appears to be landlocked as we look at this photograph, the entrance is, as a matter of fact, about three-quarters of a mile in width, with, as I say, an ample depth of water and good anchorage.

Mr. LLOYD. Do you know how deep?

Mr. BURLEIGH. I would say at the entrance about 250 feet. The bay has been surveyed and charted by the Coast Survey and the soundings are given.

Mr. LLOYD. Would that give harbor facilities for the coast there?

Mr. BURLEIGH. Splendid harbor facilities, yes.

Mr. MCKINNEY. What did you say about the maximum percentage of grade on that railroad?

Mr. BURLEIGH. About 8 feet to the mile. That is through the mountains.

Mr. MCKINNEY. The maximum I referred to.

Mr. BURLEIGH. When you get into the Yukon country there is one divide that will probably require a grade of between $1\frac{1}{2}$ and 2 per cent for a few miles. In order to keep in American territory they have to cross the divide there. We could avoid that by following down the Fortymile River, but that would take us into Canadian territory. One of the conditions upon which this matter has proceeded is that this must be an American road, in American territory entirely, and you see by looking at this map that the Fortymile River runs into the Yukon River in Canadian territory about 25 miles after it crosses the international boundary line. As you see, there is the boundary line and there is the Fortymile River [indicating on map]. In crossing from the Tanana we go into the basin of the Fortymile and follow that down part way and then follow up some streams and cross the divide and then go down to

Eagle [indicating on map], whereas, if we could go into Canada we could follow the Fortymile River right down on a water grade.

Mr. McKINNEY. You are going up, practically, until you reach that point?

Mr. BURLEIGH. Yes; except at this point [indicating on map] we cross the Mentasta Pass, which is a spur of the Wrangell Mountains, and that is 2,800 feet; but the approach is very gradual for a distance of 300 miles, and so it practically makes a very easy grade.

Mr. McKINNEY. Would there be any grade there in excess of 1½ to 2 per cent?

Mr. BURLEIGH. No; and there would be very little grade equal to that.

Now, the President, in his message, of course, recommended that the Government should aid in this enterprise. It will cost to build that railroad about \$18,000,000.

Mr. REID. About how much a mile?

Mr. BURLEIGH. Well, it will cost between \$35,000 and \$40,000 a mile to build this road.

Mr. REID. In your proposition about the guaranty of interest on the bonds it is 4 per cent on \$30,000.

Mr. BURLEIGH. Yes; on \$30,000 a mile. The proposition we made was this: That we would build this road, complete it, and put it in operation before the Government attached the guaranty to the bonds. It seemed to us that that was the best security that we could give that we would do what we start out to do. Last winter there were several other railroad projects here asking aid.

Mr. McKINNEY. Some of the men mentioned in the bill are railroad men, are they not?

Mr. BURLEIGH. Yes.

Mr. McKINNEY. Mr. Felton, for instance?

Mr. BURLEIGH. Mr. Felton is president of the Chicago and Alton Railroad.

Mr. CUSHMAN. Would you object to running over the names briefly?

Mr. BURLEIGH. I will be glad to do so. Mr. William L. Bull, of New York, is a banker and a man of wealth. He is the head of the house of Edward Sweet & Co., and he is chairman of the board of the Wisconsin Central Railroad. He is interested in large affairs and is connected with a great many important corporations in the country, a director in the Western Union Telegraph Company, and he has various interests which represent large capital. The next name is Grant B. Schley. Mr. Schley is the senior member of the house of Moore & Schley in New York. He is a man of great wealth and large affairs, interested not only in railroads, but in mines, and in pretty much everything that requires large investments of capital.

Mr. CUSHMAN. Is he related to Admiral Schley?

Mr. BURLEIGH. Yes; I think he is a brother of the admiral. The next name is Winthrop Smith. Mr. Smith is a banker in the city of Philadelphia. William S. McLean is president of the First National Bank of Wilkes-Barre, Pa. Mr. Sabin W. Colton, jr., is the senior partner in the firm of E. W. Clark & Co., of Philadelphia. W. Frederick Snyder is the president of the Northern Trust Company and he is chairman of the finance committee of the Girard National

Bank, which is one of the large banking institutions of Philadelphia. Maj. Irving A. Stearns was until very recently president of the Cox Brothers Coal Company, in Pennsylvania. That is one of the largest coal operating companies in the world. I believe that they recently sold a part of their property to the Lehigh Valley Railroad, and I think, perhaps, he has ceased to be president, but he is a man of great wealth and of great ability, and is especially renowned as a coal-mining engineer and expert. Mr. William M. Barnum is a partner in the firm of Harvey Fisk & Sons, New York. They have probably dealt more extensively in Government securities in the last forty years than almost any other house in the country. Mr. William B. Kurtz is a broker in Philadelphia, who was nominated to represent the interest of Mr. Samuel R. Shipley, who is the president of the Provident Life and Trust Company. Mr. Shipley is a man 78 or 79 years of age, and this month he has retired from business. He is a man of wealth and a man of great influence in financial circles.

Mr. CUSHMAN. Is Mr. Kurtz connected with the American Security Company?

Mr. BURLEIGH. Not that I am aware of. He is a broker in Philadelphia, on South Fourth street, Bullitt Building.

Mr. Charles P. Hunt is a Wilkes-Barre man, a coal operator, and president of the Parish Coal Company. Mr. Ernest Thalmann is head of the German banking house of Ladenberg, Thalmann & Co., New York City, one of the largest German banks in the country and perhaps the largest in that city. Mr. James H. Wilson lives in Wilmington, Del., and is a retired officer of the United States Army. Mr. Samuel M. Felton is, as I said before, the president of the Chicago and Alton Railroad Company. Mr. John H. McGraw is a citizen of the State of Washington and the city of Seattle. He is a business man of great enterprise and is a citizen of great influence in that part of the country. The other gentleman is myself. I am a lawyer in the city of New York.

Mr. McKINNEY. You are the poor man of the combination?

Mr. BURLEIGH. Yes; I am the poor man of the combination, and I have to do the work.

Mr. POWERS. You have had something to do with railroads yourself?

Mr. BURLEIGH. Yes; I was one of the receivers of the Northern Pacific Railroad.

The CHAIRMAN. How many names are there in this syndicate?

Mr. BURLEIGH. Well, there are 15 names in the bill, and there is another gentleman of great wealth who has come into the syndicate since the bill was offered in Congress at his own request.

The CHAIRMAN. How much wealth would you say those gentlemen represent?

Mr. BURLEIGH. I would not hesitate a minute to say that the combination there would represent and control \$100,000,000; not that each man has got his proportion of that in his own right—I do not mean that. Of course when a man gets beyond a million dollars it is hard to tell what he is worth; but I would say that those gentlemen would easily represent or control \$100,000,000, and I can say further that there are important financial interests, both in this country and

abroad, that are likely to become interested in this matter, provided the investigations of the country bear out the statements I make in regard to the resources.

Mr. CAPRON. What are the stockholders' liabilities under the charter?

Mr. BURLEIGH. They are subject to the usual liabilities of stockholders.

Mr. REID. I notice it says "in property at its cash value." What does that mean?

Mr. BURLEIGH. I suppose that is in case they should want to buy any property.

Mr. REID. And turn it over to the company in payment of their stock subscription?

Mr. BURLEIGH. Yes; that is what it means.

Mr. BRICK. I believe it is a fair question to ask you what the need is, under these circumstances, to have Government aid in this enterprise, with all that wealth in the company that you have referred to?

Mr. BURLEIGH. The need is this—

Mr. BRICK. I suppose there is some, or you would not ask it.

Mr. BURLEIGH. That Alaska is a long way from what we call home in New York, and there are very few people who understand conditions there. Now, of course I can sit down and talk to a gentleman about the resources of that country, and he may have some doubts; he may not doubt my veracity or my belief in what I say, but he may really doubt the existence of the things which I represent, and as I say, it is a long way from home, and it is hard to get people interested. It is a difficult matter. As bearing out that statement, I want to state this: This very railroad project, that has been referred to in a letter which was read here at the opening of this meeting, has been struggling along in one form or another, and it has up to this time passed through at least seven different corporate forms.

Mr. REYNOLDS. Would you indicate the relative location of the railroad you represent and this other proposed road?

Mr. BURLEIGH. The road which we propose is outlined in black on this map [indicating]. The road which they propose starts from Valdes and crosses the Coast Range of mountains into the Copper River Valley, and at just what point they propose to get into the valley, so as to be coincident with our line, I am not able to say. They also have—at least the gentlemen connected with that road have—what they regard as some important mining interests in this range of mountains, which I suppose is the primary object of the construction of the road—for their development and the furnishing of supplies and hauling the ore.

Mr. COLE. Is that section of Alaska inhabited to any considerable extent?

Mr. BURLEIGH. I can not say it is. People come in there in the spring and go out before the winter sets in.

Mr. COLE. Are there any towns in there?

Mr. BURLEIGH. Here is Eagle, on the Yukon, which has probably five or six hundred people. Along the line of this proposed road there are no towns, although there will be found road-house keepers and men who have stores and trading places and things of that kind. It costs so much to get supplies in there that it is a pretty difficult

thing for a man to maintain himself in the country, and then the getting in and out is very irregular on account of the weather conditions on the summit of the mountains.

Mr. REYNOLDS. I would like to know the point at which your road would unite with this proposed road of which the gentleman from New York is the president.

Mr. BURLEIGH. Well, I will say to the best of my understanding the two would probably come together at Copper Center.

Mr. REYNOLDS. And from there would they continue in about the same location?

Mr. BURLEIGH. They would practically traverse the same route from that point, unless there should be a divergence through the Nebesna by one of them on account of the copper deposits that are known to exist in that country, and if the main line was not diverged there it is quite likely that a branch would be built there.

Mr. REYNOLDS. What would be the distance from your road to the Yukon if you passed into the Canadian territory?

Mr. BURLEIGH. About 525 miles.

Mr. REYNOLDS. I mean from the nearest point on your road?

Mr. BURLEIGH. If we built a road?

Mr. REYNOLDS. Yes; from the nearest point on your road to the Yukon in Canadian territory.

Mr. BURLEIGH. Down Fortymile Creek?

Mr. REYNOLDS. That is what I mean.

Mr. BURLEIGH. About 50 miles. That will be leaving our road at the junction of the North and South forks of the Fortymile River, and following it down it would be about 50 miles to the Yukon. That would be 25 miles in Canadian territory and about 25 miles in American territory.

Mr. REYNOLDS. And would that affect the traffic on the road from Skagway up to White Horse, say?

Mr. BURLEIGH. I think it might affect it somewhat, because the terminus of our road at Eagle would be only 95 miles from Dawson, while the White Pass road from Skagway to White Horse is by the river 450 miles from Dawson. The river up from Eagle to Dawson is broad and deep and very easily navigable, and it is open a longer time in the year than the upper river or lower river.

Mr. REYNOLDS. Would you indicate on that map what is known as the Solomon River?

Mr. BURLEIGH. The Solomon River road is in Seward Peninsula, a thousand miles from us. I may state further for the information of the committee that there is a road projected from the town of Seward to the Tanana country called the Alaska Central road. About 40 miles of that road, I understand, has been actually constructed. That would start at Resurrection Bay and go around to the head of Turnagain Arm and Knik Arm and via the Shushitna Valley and down the Cantwell River to the Tanana. That seems to be designed to reach the Fairbanks district, a rich placer region that produced about \$6,000,000 in gold this year.

Mr. CAPRON. Will you indicate where the coal section is?

Mr. BURLEIGH. Immediately to the east of the Copper River, at this point [indicating on map]. We get into the coal by a branch 55 miles long, and I desire to say in passing that we do not ask any Gov-

ernment aid for the branches; we expect to build those, such as we do build, for business reasons and where the resources of the country will make them pay.

Mr. CAPRON. One question. Can you state in regard to the building of the road whether or not the glacial conditions coming down the Copper River, where the glacial deposits come, would be such as to make it very difficult to build the road?

Mr. BURLEIGH. Oh, no. The obstacles to building up the Copper River have been supposed to lie in two glaciers about 50 miles up from the sea, called the Miles Glacier on the east and the Childs Glacier on the west. There is a picture taken looking south down the Copper River between those two glaciers [indicating photograph]. This is the Miles Glacier and that is the Childs Glacier [indicating on photograph]. Those glaciers, from the nearest ice on this one to the nearest ice on that one, are $2\frac{1}{2}$ miles by the river, and our projected railroad would come up over this flat land [indicating on photograph] on the east bank of the river from the Childs Glacier, and after passing it and before it reaches the Miles Glacier it would cross back on a bridge, and from that point would proceed up the Copper River Valley on the west side.

Mr. CAPRON. Why I ask that question is this: In our hearings at a previous session I remember it was stated by some one that farther on—not at the mouth of the Copper River, but farther on—there were glacial fields that would have to be crossed.

Mr. BURLEIGH. Yes; these are the fields referred to [indicating on photograph].

Mr. CAPRON. You avoid those by starting in at Cordova Bay and bridging?

Mr. BURLEIGH. We avoid them by two bridges over the Copper River—one bridge from the west to the east bank below the Childs Glacier, and another bridge from the east to the west bank between the two glaciers, they being $2\frac{1}{2}$ miles apart, and the road crossing a mile from either one of them. So there is no difficulty whatever about that. Of course last winter there was some doubt about it, because there were some gentlemen here who said it was impossible. But I based my contention last year on information I received from Professor Schrader, of the United States Geological Survey, who had surveyed the river and mapped it, and that matter is now set at rest by the report of Mr. Jamison, who made a survey of the river this summer and examined it with a view to the construction of this railroad.

Now, I do not want to take too much time, because there are some other gentlemen here who would like to address you, some Alaskan people, who know more about Alaska than I do, and if the committee would allow me I would be very glad—

The CHAIRMAN. Before you turn this matter over to some other gentleman are you prepared to make for the purpose of your remarks at this point what might be called an analysis of the bill, beginning at the first and showing what each section proposes?

Mr. BURLEIGH. Yes. This bill in the first section names certain gentlemen as incorporators and constitutes them as the first board of directors. That is section 1. It constitutes them the first board of directors of this company. It requires them to meet after the pas-

sage of the bill, to organize by the election of a president and secretary and a treasurer, and to open stock books for subscription to stock. When 5,000 shares of stock have been in good faith subscribed they are required to call a stockholders' meeting. That stockholders' meeting elects nine directors, who constitute the board of directors of this company from that time on. Those gentlemen organize by the election of a president, treasurer, secretary, and other officers, and take from the treasurer such bond as may be deemed proper.

Mr. HIGGINS. There is no provision that the directors shall be stockholders?

Mr. BURLEIGH. Yes; they must be stockholders.

Mr. HIGGINS. Will you not please refer me to that section?

Mr. BURLEIGH. I will endeavor to do so. [After examination of bill.] Of course the first board of directors are not stockholders. It is in the latter part of the bill. On page 15, at line 12, you will find the provision:

No person shall be a director of said company unless he shall be a stockholder and qualified to vote for directors at the election at which he shall be chosen.

Now, section 2 grants the right of way through the public lands in Alaska.

Mr. REID. Is there any limitation upon the width of the right of way?

Mr. BURLEIGH. Yes; 200 feet; 100 feet on each side of the center of the track. In that respect it follows the general right-of-way law in the United States passed by Congress thirty years ago.

Mr. REID. In that same section I believe you give 20 acres, I believe it is, where you have a station?

Mr. BURLEIGH. Each 10 miles.

Mr. REID. And so much more where there is a terminal or junction point?

Mr. BURLEIGH. Yes.

Mr. REID. Who determines that, the manager?

Mr. BURLEIGH. We are limited to a station every 10 miles.

Mr. REID. You mean that you have got to have one every 10 miles, but you can have as many more as you like?

Mr. BURLEIGH. No; we can only get the land for a station every 10 miles. If we have more we get no land. It follows the general law regarding railroad building in the United States over the public land.

Mr. REID. Does that law provide for 20 acres in the same way?

Mr. BURLEIGH. Yes.

Mr. REID. You could build a pretty good sized town on 20 acres.

Mr. BURLEIGH. That is the law in the United States, and I followed that law in the preparation of this bill. I did not want to introduce any innovations.

Section 3 provides that wherever the railroad passes through any canyon, pass, or defile it shall not prevent any other railroad company from the use and the occupancy of said canyon, pass, or defile for the purposes of its railroad or the crossings of its road at grade, and if it is necessary that both roads shall use the same tracks they shall have the right to do so, and if the railroads can not agree it shall be re-

ferred to the United States court having jurisdiction over the place and the court shall determine what is fair and right between the railroad companies. It also provides that in case of any tramway, wagon road, or highway constructed through such a pass or canyon being interfered with the railroad company shall first reconstruct it in as good a manner as it then exists before it shall have the right to take possession of the ground.

Section 4 provides for the condemnation of private property or possessory rights under the United States laws in case the railroad company and the owners can not agree upon the right of way.

The CHAIRMAN. You will not encounter very much difficulty in that respect, I take it?

Mr. BURLEIGH. I think not. I do not think there is a man in Alaska that would not, if he had to, give half of all he has in order to get a railroad there; but, like every other good American citizen, when he finds out that the railroad is coming there he will want all he can get.

The CHAIRMAN. It is not very thickly settled there?

Mr. BURLEIGH. No; very sparsely settled; but I believe ten years after this railroad is built there will be 250,000 people in that country. The country has agricultural possibilities, which have been demonstrated by the Agricultural Department through its experimental stations. There is more tillable and arable land in Alaska than in Norway. It has a more favorable climate. It is capable of producing a great many agricultural products, and with mining camps a market for those things will be made up there and then there is no reason why the country will not develop and receive a great settlement of people. Of course that may be a matter of slow growth—it naturally would be—but since the exploitation and development of the great American desert, which used to be on the maps in the geographies when I went to school, which the construction of railroads has converted into populous and wealthy States, west of the Missouri River in the United States proper, I do not think any man can safely put any limitation on the possibilities of Alaska.

Of course there is a very general feeling among people who have never been there that Alaska is to a large extent icebound and snow-bound, and that its chief products are furs and fish and some gold, but, as a matter of fact, they have a delightful summer climate up there. The days are rather long, because it is far north.

The CHAIRMAN. Some mosquitoes?

Mr. BURLEIGH. Oh, yes. They have the largest mosquitoes and the largest bears in the world, and the largest moose. And so Alaska is somewhat remarkable in its productions. But I never heard of any of these yellow-fever fellows being in that country.

Section 4 refers to the section providing for condemnation in the Union and Northern Pacific charters granted by Congress in 1862 and 1864, so that it is no departure from the precedents established.

Section 5 provides that within a year after the passage of this act the company shall file with the Secretary of Interior a preliminary plat for route, showing where they propose to build, and that after the filing and approval of that plat then any lands that are taken up or entered by private individuals shall be subject to the right of way when it is definitely located.

Section 6 provides that within another year the company shall file a plat of the definite location of at least a 20-mile section of its road, and that thereafter it shall file a definite plat of at least 20 miles of its road every year, and build at least 20 miles, and that the whole line shall be completed and within operation within five years from the passage of the act.

Section 7 provides that the railroad shall be constructed in a good, substantial, and workmanlike manner, and shall have necessary draws, culverts, bridges, viaducts, crossings, turn-outs, stations, and watering places, and everything of that kind; in other words, that it will be a first-class railroad.

Mr. REID. It says "equal in all respects to railroads of the first class."

Mr. BURLEIGH. It might be supposed that up in that country we might build a ramshackle railroad, with the poorest kind of equipment, letting the people ride in cattle cars, perhaps; but that will not be the case, and I will tell you why. The people who are living in Alaska are a hard-working and industrious people; they have dug their money out of the earth, and they like to have the best there is, and they are willing to pay for it.

Mr. CAPRON. May I ask you whether or not there is generally a provision in the incorporation of land-grant railroads to the effect that Government transportation will be furnished at special rates?

Mr. BURLEIGH. No; it is just the same for the Government as for anybody else. It is in the first instance left to the company to prescribe the rates. We are made by the bill subject to the Interstate Commerce Commission or such other commission as Congress establishes to overlook those things, and we are also subject to the regulation of Congress direct, and we are also limited by this act itself to not charge the Government any more than we do anybody else.

Mr. CAPRON. It is a fact, however, that the land-grant railroads of the West give the Government a rate lower than the rates to other people?

Mr. BURLEIGH. There is no such provision in this. We are subject to the provision that we shall not charge the Government any more than we charge other people for the same service, and we are subject to the regulation of Congress, and we are also subject to control by the Interstate Commerce Commission, and we also have to make an annual report to the Secretary of Commerce and Labor.

Mr. CAPRON. In the case of the Northern Pacific or the roads you have been connected with, did they not give the Government a rate lower than that given to others?

Mr. BURLEIGH. I think not, as far as I know. I had some personal knowledge of the Northern Pacific, and I know they charge the same rates to the Government as to anybody else. There was no discrimination.

Mr. CAPRON. I had an idea that Government transportation was generally lower. I know I have been on another committee where we have had more or less to do with transportation of goods for the Government, and that the Government pays to the railroad a less rate; at least the Quartermaster-General directs the troops to go over land-grant roads, as we call them, because the amount charged is less. So I wondered if there was a provision in this bill granting any special rate to the Government.

Mr. BURLEIGH. No; there is not. I want to say that this bill in the outline follows exactly the charters heretofore granted by Congress—that is, in its general features. There is nothing new or unprecedented here.

Mr. LLOYD. There is no land grant in this, is there, except the right of way?

Mr. BURLEIGH. No; not exactly a land grant.

Mr. REID. There is a little grant.

Mr. BURLEIGH. There is one section of the bill that gives us the right to buy at the Government price four sections of land, and that land would be on this bay here, as you see on this picture. Of course, it has got to be improved. For instance, now, at extremely high tides the tide comes up over a considerable part of it.

Mr. REID. That would be 2,560 acres.

Mr. BURLEIGH. Yes; four sections.

Mr. REID. What is the purpose of that?

Mr. BURLEIGH. For terminal and town-site purposes, so as to have the title to it. For instance, we have had applications already from a good many people who want to go there and put up buildings and establish hotels and stores and hospitals and things like that. Now, we want to be able to give them some titles, so they can go there and do that. Under the existing homestead law we could not get any title for five years, and we could not make any agreement to dispose of any part of the land without violating the law; and so we want simply to get the title settled, and this seemed to be the best way to do it, to let us buy it and pay for it. We are not taking anything away from anybody, because when we went there there was nobody there—it was a wilderness—and there was no evidence that anybody had been there. We built a log house on this land last summer and left a man in charge of it, and he writes us that nobody has been there since.

Mr. REID. There is also a section that the Secretary of War shall cause to be constructed a pierhead line. What is that?

Mr. BURLEIGH. On the coast wherever you have a harbor men build piers and docks for commercial purposes—that is, to transfer goods from the ship to the shore—and the idea is to have the Secretary of War establish a pierhead line beyond which those piers shall not be extended into deep water.

Mr. REID. No construction work?

Mr. BURLEIGH. No.

Mr. REID. Just a line?

Mr. BURLEIGH. Yes; so it shall be unlawful for anybody to stick his pier farther out into the water than that line. That gives a uniform harbor front. Otherwise one man might build 200 feet and another man 100 feet, and you would have a ragged harbor front, which is inconvenient for shipping.

Mr. McKINNEY. Your purpose in asking for a guaranty of the Government to the extent of \$30,000 a mile is on account of the uncertainty or lack of knowledge of the investing public in regard to the enterprise?

Mr. BURLEIGH. Yes.

Mr. McKINNEY. And to give character and standing——

Mr. BURLEIGH. Show that the Government recognizes it as a meritorious enterprise and is willing to help it.

Mr. McKINNEY. Of course, as far as the original incorporators are concerned, there is nothing here holding them or requiring them to acquire and maintain any certain investment in the project?

Mr. BURLEIGH. Oh, no, sir.

Mr. REID. You are not asking a guaranty of \$30,000 a mile, but interest on that?

Mr. BURLEIGH. We are asking a guaranty of interest on it; yes. I will state that at the last session of Congress a law was passed for the aiding of railroads in the Philippine Islands, and you provided by the act which you then passed that the railroad bonds should be guaranteed to the amount of 4 per cent for a period of thirty years, and that the guaranty should be given to the railroad as often as they finished 20 miles.

The CHAIRMAN. That was a guaranty by the Philippine government.

Mr. BURLEIGH. A guaranty by the Philippine government; yes.

The CHAIRMAN. Not directly by this Government.

Mr. BURLEIGH. No; except I take the position that the Philippine government, being the creature of Congress, the Congress is practically the underwriter of that guaranty, because you could blot out the Philippine government, but I do not believe you could absolve yourself from your obligation to pay the interest on those bonds.

The CHAIRMAN. It might be a moral obligation, but do you believe it could be treated as a legal obligation?

Mr. BURLEIGH. Yes; I believe it could. For instance, suppose those railroads, under the operation of this law, were constructed on capital borrowed in England, and that after this money had been borrowed and put in the Congress of the United States should wipe out the Philippine government entirely by an act of Congress, could we escape the obligation when the British Government demanded we should make that good?

The CHAIRMAN. Suppose Congress, however (this being territory, in the language of the Supreme Court, "appurtenant to and belonging to" this Government), should conclude to sell the Philippine Islands. They are a separate entity under the Federal control; and suppose we sell that. It is still a separate entity. Would not that separate entity be responsible for its obligation?

Mr. BURLEIGH. For instance, if you sold it to the Kaiser, I think the obligation would pass to him; I think he would have to take it when he took over the sovereignty of the islands. We might sell without recourse, but he could not buy it without recourse. I think it would be stipulated in the treaty.

Mr. HIGGINS. In connection with section 7, which provides for your manner of construction, I have not read the bill carefully enough to see whether before you ask the Government to guarantee interest on the bonds there is any tribunal or commission that passes upon your construction and determines whether it is workmanlike and substantial and so on.

Mr. BURLEIGH. I suppose the Secretary of the Treasury would determine that in his own way.

Mr. HIGGINS. That is not provided in the bill?

Mr. BURLEIGH. No. Of course there are army posts up there, and I suppose that upon the request of the Secretary of the Treasury the Secretary of War would have army officers make a report on it.

The CHAIRMAN. It is now about seven minutes of 12. I would like to inquire of you if you are prepared to cite any other precedent which might sustain your position in relation to the guaranty of bonds in this bill?

Mr. BURLEIGH. I am prepared to tell you what the Government has done in the case of other roads.

The CHAIRMAN. That is it exactly; that is what I would like to have.

Mr. BURLEIGH. Shall I do that?

The CHAIRMAN. If you can not do it now, do it some time during your remarks.

Mr. BURLEIGH. Yes; I will be very glad to. I will say now, in a general way, that in 1862, for the purpose of building a railroad from the Missouri River to the Pacific Ocean, Congress chartered the Union Pacific and Kansas Pacific roads, and in connection with the Central Pacific, of California, it gave them directly United States bonds to the amount of \$16,000 per mile for the section of the road lying to the east of the base of the Rocky Mountains and to the west of the base of the Sierra Nevada Mountains. Then it gave them \$48,000 a mile for 300 miles of road—150 miles covering each of those ranges; then it gave them \$32,000 a mile for the intervening space between the west base of the Rocky Mountains and the east base of the Sierra Nevadas, also a land grant of each alternate section 10 miles on each side of the railroad. After all that, then they authorized the roads to borrow as much more money and give a first mortgage, and the Government subordinated its lien to the lien of the mortgage; so it really became a second mortgagee. In the building of the Northern Pacific the Government gave them about 50,000,000 acres of the public land to aid them in the construction of the road. Of course, in the Philippine case, you know more about that than I do. That bill was passed last winter. In the Philippine bill, however, Congress provided that while it should have a lien upon the property it should have no right to reclaim the amount it should pay as interest on those bonds until the expiration of the guaranty period—that is, thirty years. Now, in our bill we give you a lien upon our annual net revenues, so that you are entitled to the money just as it is earned, and if it is not earned fast enough and we owe you you can take the road.

The CHAIRMAN. And the guaranty does not attach until you have completed your road?

Mr. BURLEIGH. No, no; so if we fall down in financing this road and building it that is our loss—not yours.

Mr. McKINNEY. Is there any statement here as to the gauge of the road?

Mr. BURLEIGH. Yes; standard gauge—4 feet 8½ inches.

Mr. MOON. Is there any money to go into this road except that which is to be borrowed?

Mr. BURLEIGH. I think there will be about \$10,000 a mile in addition to that, because I think it will cost about \$40,000 a mile; and in addition to that it will cost us \$2,000,000 to build the branch into the coal and probably \$2,000,000 to build a branch into the copper country.

Mr. REID. Does the Government have a lien on those branch roads?

Mr. BURLEIGH. They have a lien on all our property under this bill—present and to be acquired.

Mr. MOON. The Government has to guarantee the interest on \$30,000 a mile?

Mr. BURLEIGH. Yes; and have a first lien.

Mr. MOON. And you say you will put in \$10,000 besides that?

Mr. BURLEIGH. Yes.

Mr. MOON. The stockholders will?

The CHAIRMAN. Why does this road cost so much per mile?

Mr. BURLEIGH. I will tell you, Mr. Chairman. It is owing to the conditions up there. For instance, in the first place, you have not got much of a labor market; you have to pay very high wages for labor; and in the next place, on account of the conditions in the country, you can not string your outfit out all over this 500 miles and build it at once, in which case you might do it in one or two years, but you have to build it from the end of your track. If you don't, you are ruined by the transportation charges in getting your supplies in.

Mr. POWERS. And you can not build much more than half of the year?

Mr. BURLEIGH. No; we can not; but, on the other hand, for six months of the year we can probably work twenty-four hours a day, working men in different shifts.

There is another gentleman here, Mr. Millard, who is anxious to leave the city, and if you could hear him for a few minutes we would be glad.

(Informal discussion followed, and upon motion the committee decided to continue the hearings on Alaska on Monday, January 22, 1906.)

(Thereupon, at 12 o'clock, the committee adjourned.)

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Monday, January 22, 1906.

The committee met at 10.30 o'clock a. m., Hon. E. L. Hamilton in the chair.

The CHAIRMAN. We will continue the hearing on Alaska.

STATEMENT OF MR. B. F. MILLARD.

Mr. MILLARD. Mr. Chairman and gentlemen, after the very able presentation of this matter by Mr. Burleigh on Friday, it leaves little for me to say further than to state that I have been over the road and wish to corroborate all that he says in regard to the harbor at Cordova Bay and the practicability and feasibility of the railroad route up the Copper River. In 1898 I went into the interior of Alaska over the mountains, and returning I took a boat and came down the river for the purpose of ascertaining if it was possible to get a railroad into that country, and I found it feasible both ways, over the mountains and also by the Copper River, and I believe that the Copper River route, of course, is the best route, on account of the

grade. The route leading in from Valdez over the mountains is $2\frac{1}{2}$ and $3\frac{1}{2}$ per cent grade on either side of the mountains, while the grade up the Copper River is very light. Now, Mr. Burleigh has given you a complete history of the conditions; I can not enlarge upon those, because he has told the truth regarding the country in general, the railroad route, and the cost, and I can thoroughly indorse all he says in that line. But there was a point brought up here the other day——

Mr. LLOYD. Before you get away from that—my attention was diverted at the outset—I understood you to say something about being over this route last summer?

Mr. MILLARD. No; eight years ago, in 1898, I was over the route.

Mr. LLOYD. You have not been over it since then?

Mr. MILLARD. I was at Cordova Bay this last summer. I want to say, further, that I have no personal interest in this matter whatever. I happened to be in Washington, and they asked me to come before the committee and tell you what I know about the country. I am deeply interested in getting a railroad, however, to Alaska, because I am interested in mines in the interior. For four years I have been trying to get people interested in railroads there, and I have been connected in a certain way with promoters that undertook that job; but up to the present time it has been a complete failure to interest capital in Alaska. Four years ago I spent \$50,000 in survey and supposed that the railroad company was financed by an Englishman and an American, but before they got through in the fall they left me \$13,000 in the hole, and it took me six months to get out of it at my own expense. That was one experience with railroading in Alaska that I had.

The statement was made here through a letter the other day that there were 10 miles of the road built by that party. My son has just returned from Alaska. There are $3\frac{1}{2}$ miles of grade made by those parties across a level country, and that is all.

Mr. LLOYD. Where do you live?

Mr. MILLARD. I live in Chippewa Falls, Wis., Mr. Jenkins's town. To show you something about the difficulty of financing a road there: Three years ago these people organized a copper company for \$50,000,000. They supposed at that time that they owned the best copper mine in Alaska. They organized a railroad company for \$15,000,000. I think—\$15,000,000 or \$20,000,000. They organized a construction company for \$6,000,000. In order to sell the construction company bonds to get money to commence work they offered a dollar of the copper company and 50 cents of the railroad company bonds, and then sold the construction company bonds at 80 cents on a dollar, practically giving \$2.50 in bonds for 80 cents, and yet they were unable to get the money.

They stated time and time again that the Knickerbocker Trust Company had underwritten the bonds. I had several letters to that effect, and I was interested financially because I was anxious to get some money out of it that they had owed me for two or three years—not these particular people that wrote the letter, but they are the successors of the original organization that I got in on. They could not raise the money on that proposition. I see by the letters of yesterday that they have organized two or three companies, but it is the same stick tarred from a different pot; that is the only difference, and I am

surely convinced that a railroad can not be built through Alaska and the money raised for that purpose without Government assistance.

That practically covers the whole thing as far as I have anything to say. I thoroughly indorse the assistance of the Government.

Mr. LLOYD. Why do you make the statement that Government aid will secure it when all the Government aid that is asked is simply to guarantee the interest on the bonds?

Mr. MILLARD. Because thirty years' guaranty on bonds is a pretty good assurance that if the railroad would not pay at the present time it certainly would inside of thirty years, and people are willing to put up their money with the Government's guaranty of the interest, or anybody's guaranty, if it is good.

Mr. LLOYD. But is it not true that the Government can take charge of the property and sell it if the interest is not paid by the company?

Mr. MILLARD. I presume the bill provides for that.

Mr. LLOYD. Then what good would result to the people of Alaska or the bondholders if it is to be in the position that the property may be sold at once on default of payment of interest?

Mr. MILLARD. I take the ground that there is no danger of default in payment of interest. I have faith in the country, having been there and seen the products of the country.

Mr. CUSHMAN. If you would permit me to interrupt, I would say that my idea has been this: That the one great advantage of the indorsement of the Government upon the bonds in relation to the interest, is that it absolutely guarantees the construction of the road. In my judgment when that road is once completed there will be no danger of default being made. With a bill passed here which would give the Government's guaranty for the payment of the interest on the bonds I think it would make an absolute guaranty of the construction of the road.

Mr. LLOYD. Have you examined this bill?

Mr. CUSHMAN. I have.

Mr. LLOYD. Do you understand that the guaranty is for the thirty years' interest in any event, whether the road is constructed or not?

Mr. CUSHMAN. Well, in the first place, Mr. Lloyd, the important factor that strikes me—please hand me a copy of this bill, Mr. Clerk—is that there is no Government guaranty attached to any bond until after the road is constructed and in operation.

Mr. LLOYD. I understand that.

Mr. CUSHMAN. I think it is a guaranty for thirty years.

Mr. LLOYD. For the full thirty years?

Mr. CUSHMAN. For the full thirty years. Is that your understanding?

Mr. BURLEIGH. Not in case of a foreclosure and sale.

Mr. LLOYD. Here is the point I am getting at. Suppose at the end of twelve months the company fails to pay its interest and the Government pays it; then, according to the provisions of this bill, as I understand it, the Government might have the road foreclosed and sold. Now, what benefit is there to the bondholder? It doesn't seem to me that the bondholder has any protection at all except for one year's interest.

Mr. CUSHMAN. I do not understand that in the event of a foreclosure the Government shall be liable for twenty-nine years more.

Mr. LLOYD. That is the point I was aiming to make, exactly.

Mr. WEBB. I think they would.

Mr. LLOYD. You do not understand it that way?

Mr. BURLEIGH. No; my understanding is in case of complete foreclosure and sale that would terminate the obligation of the Government and wipe out the bonds by payment.

Mr. LLOYD. That is all on that point, then.

Mr. CUSHMAN. Before you sit down I wish you would refer to the extent of the copper deposits there and to what extent they would probably furnish tonnage for the road, Mr. Millard. You are familiar with that question, I know.

Mr. LLOYD. That was gone over by Mr. Burleigh, and he indorses what Mr. Burleigh says.

Mr. CUSHMAN. But Mr. Millard has been on the ground personally, and while Mr. Burleigh's information is from reliable sources, still it is not from personal investigation.

Mr. MILLARD. In answer to that I would say there is no question in the world about tonnage from the copper fields. There is ample copper there, and it has been demonstrated that it will furnish all the tonnage that a railroad would care to haul out. There is a field there 100 miles by 60 miles in extent.

Mr. CAPRON. I would like to ask you if you think it would be likely that the other railroads seeking charters or now having charters in Alaska—of course you know about them all better than I do—would be likely to consider the granting of this as a precedent upon which to make a request for similar grants?

Mr. MILLARD. I could not say as to that, sir.

Mr. CAPRON. I only wanted you to give your opinion as to whether that would be likely.

Mr. MILLARD. In my judgment, if this road is granted a subsidy, or this bill is passed, the other roads will drop their projects, unless it would be the Alaska Central, which is not in our locality at all. It might be a precedent for roads in other sections of Alaska, but not through this particular section. I do not know anything more to say unless you have other questions to ask.

Mr. LLOYD. I would like to ask one question on that point. Do you think that the Government's guaranty of the bonds or the Government's underwriting of the bonds would give them any better market value than the underwriting of these men who are worth over \$100,000,000?

Mr. MILLARD. I do to a certain extent. On the other hand it is practically impossible to get wealthy men to underwrite bonds, because we have tried that for the last four years and have completely fallen down on that point. They seem to want a guaranty beyond question that the interest will be paid.

Mr. HIGGINS. But these incorporators represent a capital of \$100,000,000.

Mr. MILLARD. That is true. We have been to men that were worth probably half that amount single handed, and they would not take hold of it. If we could make people see Alaska through our eyes, there would be no trouble to raise the money. For instance, if I had the money, after knowing what I do about Alaska and her wealth and resources, I would build the road, and I wouldn't ask any Government aid; but you can not make those people see it that way, and they will not even send men to examine the country. That

is our trouble. Then there is another point. There have been experts sent there, and since those experts have made their reports we have proved conclusively that they did not report correctly on the copper belt of that country. There is a reason for that, without mentioning any names; they have tried to hold our country back. You know who controls the finances of this country when they want to, and you know who controls the copper. Now, there is the whole thing in a cocoanut.

Mr. REYNOLDS. Have you made any investigation of the extent of travel over this road connecting with the lower Yukon region?

Mr. MILLARD. Taking in the Fairbanks country—the Fairbanks country at the present time is supporting about 10,000 miners. There was a new camp discovered last year. We don't know how much it will be, of course, but it will be an extensive camp. This road would supply that camp and the general Yukon country below where it strikes, and probably a great portion of the Dawson country, because the railroad would get there every day in the year, while now we have to provide by steamer for seven months of the year that is closed and depend upon stages during the other time. In my judgment this road would probably get all of the Yukon business below Dawson. I do not see why it would not. I do not hesitate to say personally that there is no question about the tonnage of this road, not a particle.

Mr. CUSHMAN. Have you a few minutes, Mr. Chairman, in which Mr. Reynolds could make a brief statement? He is another gentleman who is obliged to leave in a short time.

The CHAIRMAN. We will hear Mr. Reynolds for a few minutes.

STATEMENT OF MR. H. D. REYNOLDS, OF BOSTON, MASS., AND VALDEZ, ALASKA.

Mr. REYNOLDS. Mr. Chairman and gentlemen, I wish to preface my remarks by saying that I have no interest whatever in this road, directly or indirectly, and I speak as a copper miner.

The CHAIRMAN. Where do you live?

Mr. REYNOLDS. In Boston part of the time and in Valdez, Alaska, part of the time. That is the Prince William Sound district. I am principally interested in the building of this road because it will bring us coal for our smelters. The copper production of the sound is growing very rapidly. I anticipate that with the mines now being developed, within five years there will be a production of about \$24,000 worth of copper a day, or about \$8,660,000 worth a year. The leading mine is to-day producing a half million dollars' worth a year, and it is only a few years ago that it was opened up. Now, we want that coal. There is about \$6,000,000 worth produced on the Pacific coast to-day, and it is of a very inferior quality.

The CHAIRMAN. Where is that produced?

Mr. REYNOLDS. In British Columbia and Washington principally. There is at present no coal being mined in Alaska amounting to anything commercially.

There is the question of the oil that is to be found in Alaska. This is the only railroad projected that would go to that field. There are something over 200,000,000 gallons of oil sent to the Orient every year. We have richer petroleum, according to the report of the

Geological Survey—richer in illuminants and lubricants—than that found anywhere else except in a small portion of the Pennsylvania oil fields in the region of Titusville.

The CHAIRMAN. Where is that?

Mr. REYNOLDS. Titusville, Pa.

The CHAIRMAN. No; I mean the oil you speak of being so rich.

Mr. REYNOLDS. I am speaking of the Kayak petroleum in Alaska. That is the report of the Geological Survey and also the report of Mr. Stevens, our own engineer. Alaska would produce a great deal of oil and send it to the Orient if these fields were developed and the country had the transportation.

Another thing—and I think this is the greatest in connection with this matter—is that the men that are connected with this road are men of high character; men who represent large interests and the right interests in the East; men who come in and legitimately develop. I say if these men become interested in that railroad they will naturally become interested in other enterprises in Alaska and attract their friends there, and it will be the greatest thing for Alaska that has ever been done.

Governor Brady, in his report, says:

By guaranteeing the interest on bonds at a certain rate to run for term of thirty years the Government could demand certain things as necessary. This will help the road and the public will feel assured that they will be properly conducted.

We up there in Alaska do not want extravagant freight rates. It is hard enough to develop the country as it is, and if the Government is supervising that road, and the bill provides for the right to do that, the rates would be so regulated that the poor prospector will not be overburdened by an unnecessary tax. That is my point.

Now, another thing. Only in 1883 they began producing copper to any extent in Montana and Arizona, and yet last year Montana produced 338,000,000 pounds, valued at about \$50,000,000; Arizona 230,000,000 pounds, or \$34,000,000 worth of copper.

Let me tell you that copper there is not half as rich as the Alaskan coast copper, and there is no comparison between it and the interior copper of Alaska, which is the richest known in the world.

The CHAIRMAN. Have mines been located up there?

Mr. REYNOLDS. Oh, yes; a great many of them. There are new discoveries being made all the time. I do not think there is any monopoly there; they are mostly held by poor prospectors. It is not going to help any one great corporation to open up these mines and give them transportation facilities.

The CHAIRMAN. The poor prospector does not get very far, does he, when it comes to the development of a great mine?

Mr. REYNOLDS. If he has the brains he may; I do not see any reason why he ought not to get his share. The method we have is that we give him a nonassessable interest in his claim besides the monetary consideration, so that when the claim turns out well he gets an ample reward.

Mr. LLOYD. What do you mean by a nonassessable interest?

Mr. REYNOLDS. I mean that it shall be of no expense to him, and also he is at no expense for the annual assessment work.

Mr. LLOYD. There is no assessment expense to you either, is there?

Mr. REYNOLDS. Oh, yes; we have to keep up the assessment work of \$100 a claim every year, besides doing the developing work.

Mr. STANLEY. Do you issue stock to this prospector that is non-assessable?

Mr. REYNOLDS. Yes; I believe that is very general up there, and among the legitimate miners I do not think there has been any disposition to "do up" a prospector. I want to make a little estimate of what the copper production of the whole country will be. I have had engineers' reports to go by, and I believe if that railroad is constructed inside of ten years the copper production of Alaska will exceed the copper production of Montana to-day—\$50,000,000 a year. I believe that thoroughly, and of course this wealth created in Alaska by the development of the mines comes to the States. It is going to help the constituents of every one of you gentlemen.

I have met men from every State, practically, in Alaska; they come from everywhere, and there is no expenditure of their money to any large extent in Alaska. That is one reason why Alaska needs outside support—there are no permanent investments, comparatively speaking. Of course that will come in time when the country is settled.

Mr. HIGGINS. What railroads are now operating in Alaska?

Mr. REYNOLDS. Probably the only one of consequence is the White Pass and Yukon.

Mr. HIGGINS. And how near does that come to this proposed road?

Mr. REYNOLDS. Nowhere near; that is away southeast; it begins at the Lynn Canal at Skagway and goes up to White Horse. The rest of the way the transportation is by river.

Mr. HIGGINS. You mean to say that there are no roads in process of construction?

Mr. REYNOLDS. Oh, yes; there are. There is the Alaska Central, which is in the process of construction.

Mr. HIGGINS. Are there any others?

Mr. REYNOLDS. No others in process of construction.

Mr. HIGGINS. Some others contemplated, are there not?

Mr. REYNOLDS. I want to say in that connection that I indorse fully the remarks of Mr. Millard. I was in Valdez when that proposed road was originally promoted.

Mr. MCKINLEY. This other road from White Pass is comparatively a short road?

Mr. REYNOLDS. About 112 miles only.

Mr. HIGGINS. Won't you be good enough to tell me the distance from your proposed road to any road that is now in operation?

Mr. REYNOLDS. It may be 500 miles.

Mr. HIGGINS. This Alaska Central Railroad taps a different country. How far is that away from your line?

Mr. REYNOLDS. I should say that it is about 200 miles. Let me make one suggestion in regard to the competitive roads, if I may be permitted to do so. I do not believe that the construction of this road will harm the Alaska Central or the White Pass railroad to any material extent. On the other hand, I believe it will bring in more people and so develop the country that there will be so much larger percentage of new business that the excess will overflow into those other roads, and they will be more prosperous than if this road had not been built.

The CHAIRMAN. There is this White Pass Railroad. That runs into British Columbia, does it not?

Mr. REYNOLDS. Yes, sir; it is an English road entirely.

The CHAIRMAN. How much of it is in Alaska?

Mr. REYNOLDS. I think only the very beginning.

Mr. CUSHMAN. About 21 miles, as I remember, Mr. Chairman; just up to the international boundary line.

The CHAIRMAN. What other road is there in Alaska that is running?

Mr. REYNOLDS. I believe that is the only road that is running, except a little one up on Seward Peninsula, that runs in the summer time.

The CHAIRMAN. One up at Nome?

Mr. REYNOLDS. I have never been in that country, and I don't know about it personally.

The CHAIRMAN. Then these are the only two railroads, this White Pass road and this little line out at Nome, that are in existence in Alaska?

Mr. REYNOLDS. Yes; that are now running. I understand that the Alaska Central is operating a part of their road there for construction purposes.

The CHAIRMAN. Do you know how much?

Mr. REYNOLDS. I understand about 40 miles are completed.

The CHAIRMAN. What is the southern terminus of the road?

Mr. REYNOLDS. Resurrection Bay.

Mr. COLE. They have been able to finance the road, have they?

Mr. REYNOLDS. I do not know. They seem to have been able to do it thus far.

Mr. KLEPPER. What interest do you represent?

Mr. REYNOLDS. We have a company composed of about 500 stockholders, a cooperative company, the Reynolds Alaska Development Company.

Mr. KLEPPER. What is the capital stock of your company?

Mr. REYNOLDS. Three million dollars.

Mr. KLEPPER. What portion of the copper fields does your corporation control?

Mr. REYNOLDS. We own properties in Boulder Bay and on La Touche Island and at Aurora. The first two, the properties at Boulder Bay and La Touche, are copper properties, and the Aurora is a gold property. They have been in process of development four years, and we will be producing this year.

Mr. KLEPPER. What portion of the field do you control at the upper terminus of the road?

Mr. REYNOLDS. We have no interest in there whatever.

Mr. COLE. If the Alaska Central Railroad can finance their road, why can not you get along without the assistance of the Government?

Mr. CUSHMAN. If you will permit me—although I do not wish to interrupt; I do not wish to be understood as battering any other proposition—I would like to say that in the first place the Alaska Central Railroad will reach an entirely different portion of the Territory, and I have been reliably informed that the Alaska Central road has changed hands some four different times since the commencement, and they are now engaged in trying to sell it out to a fifth party, and they have been only able to build about 40 miles of road across a comparatively level country.

Mr. REYNOLDS. Let me say in regard to that point: I understand that when matters are run in that way there is very little likelihood of anyone being able to sell stocks or bonds to complete a road within a reasonable length of time and properly protect the original stockholders, the poor men who go in first.

Mr. POWERS. This Alaska Central Railroad has not come to the mountains yet?

Mr. REYNOLDS. No; it has not come to the most difficult part. However, I do not want to say anything against that road.

Mr. MCKINNEY. You say you have about 500 stockholders in your company?

Mr. REYNOLDS. Yes, sir.

Mr. MCKINNEY. Does it include any of the gentlemen interested in this railroad property?

Mr. REYNOLDS. Not one.

REYNOLDS ALASKA DEVELOPMENT COMPANY,
Boston, January 26, 1906.

Mr. EDWARD HAMILTON,
*Chairman House Committee on the Territories,
House of Representatives, Washington, D. C.*

DEAR SIR: With the kind permission of your committee I should like to add the following facts to my argument before your committee in favor of the Alaska railroad bill. In the limited time at my disposal a most important reason for the extension of Government aid was overlooked:

The Government's guaranty on the bonds would assure their sale at par. The absence of the Government's guaranty would probably necessitate a sale of them at but 60 to 70 per cent of their par value, with probably an additional stock bonus. In order to realize the funds required a larger bonded indebtedness would be incurred and the shipper would be the sufferer in rate charges to earn interest and dividends on a considerable percentage of outstanding securities which actually represent nothing.

In other words, the Government's guaranty removes the speculative features from the bonds and absolutely fixes their value in the minds of investors. Furthermore, the Government supervision of construction and operation, as provided in the bill, guarantees a first-class road properly conducted, and this would be of incalculable benefit to shippers and to the legitimate development of the territory traversed.

From my personal knowledge of Alaska's resources I have not the slightest doubt that if properly constructed and managed the railroad would be profitable from the outset and that the Government would not be called upon to pay a dollar of interest on the bonds. I take it that the Government guaranty implies in every sense of the word stability.

Thanking you for your courteous consideration, I remain,
Very cordially, yours,

H. O. REYNOLDS.

COMMITTEE ON THE TERRITORIES,
January 30, 1906.

**STATEMENT OF MR. ABE SPRING, OF FAIRBANKS, ALASKA,
PRESIDENT OF THE TANANA ELECTRICAL COMPANY.**

The CHAIRMAN. We have before us this morning bill No. 4471.

Mr. LLOYD. What is that company?

Mr. SPRING. It is the Tanana Electrical Company, incorporated in the State of Washington last spring. I was the incorporator, and was backed by some Seattle gentlemen. It was organized on a capitalization of \$250,000. We brought in the plant and installed it last

summer to the extent of 9 miles, the current being used for incandescent lighting and will be used for power. We want to extend it, so that all the mines in the district can have light and power—at least power for lights and also power for pumping water. Most of the time during the summer the water supply is poor for sluicing purposes. They do not have rain after the 1st of May, and not enough water to supply the mines.

Mr. CUSHMAN. How long have you been in Alaska?

Mr. SPRING. I went there on May 9, 1897, and have lived there ever since—practically nine years.

Mr. CUSHMAN. In what portion of Alaska have you resided?

Mr. SPRING. In the interior.

Mr. CUSHMAN. How long have you been a resident of Fairbanks?

Mr. SPRING. The first time I was in Tanana Valley was in 1900. I went to live there permanently March 3, 1903, and have lived there ever since.

The CHAIRMAN. Can you point out on the map the location of Fairbanks, and describe it, so that it may go into the record?

Mr. SPRING. I have three maps, which were made last summer, showing the mining districts and the wagon roads, railroads, telephone and telegraph lines, and also the electric-light plants.

The CHAIRMAN. Describe the location of Fairbanks.

Mr. SPRING. It is located on what is known as the Chena River. The Chena empties into the Tanana at a town called Chena. About 270 miles from there the Tanana empties into the Yukon, at Fort Gibbon. That shows the Fairbanks mining district [pointing to the map].

The CHAIRMAN. You desire to be heard in relation to project for the construction of a railroad somewhere on the Gulf of Alaska?

Mr. SPRING. Yes. I will begin my statement by saying that when I was asked to come here I did not know that I would be expected to make a speech. I thought that I was to be examined about matters pertaining to Alaska. I can answer questions better than I can make a speech.

Mr. CUSHMAN. Will you briefly describe to the committee the methods of transportation now in existence in this country with which you are familiar, giving the material and supplies, going into the interior and the general conditions of the trails?

Mr. SPRING. You can go into the interior of Alaska in the summer time on two routes; either by way of the Pacific Ocean to Skagway, and then cross the Coast Range to where you strike the Yukon, down the Yukon to Fort Gibbon, up the Tanana to Fairbanks.

The CHAIRMAN. What is the distance from Skagway to Fairbanks?

Mr. SPRING. The distance to Fairbanks on that route would be between 1,500 and 1,600 miles. Then you can go by way of the Bering Sea to St. Michael, where you strike the mouth of the Yukon; go up the Yukon to Fort Gibbon, and then go up the Tanana into Fairbanks and the entire Tanana Valley. You can traverse the Alaskan continent and strike the Yukon either at its head or at its mouth, and then go by continuous navigation. Heavy machinery is usually shipped by the St. Michael route, because it is cheaper by the continuous water route, except that you have to unload from the ocean steamers to the river boats.

The CHAIRMAN. What is the distance from St. Michael to Fort Gibbon?

Mr. SPRING. I should judge the distance would be almost the same. Fort Gibbon, I think, is halfway into the interior of Alaska.

The CHAIRMAN. Fifteen hundred miles, do you think?

Mr. SPRING. It is a little less.

Mr. LLOYD. Do you mean from Skagway?

Mr. SPRING. I mean from St. Michael. It is a little less from St. Michael to Fairbanks than it is the other way from Skagway.

The CHAIRMAN. What is the freight rate by that route on the river to the interior?

Mr. SPRING. The lowest rate that I have heard quoted was \$75 per ton from Seattle to Fairbanks, but after the 15th of August it is 10 per cent more, owing to the lateness of the season. The average water rate from the coast to the interior of Alaska is, I should judge, \$100 per ton. During the winter months the rates are prohibitive.

The CHAIRMAN. How are they during the summer months?

Mr. SPRING. They vary. The down-river route by way of the White Pass is open from about the middle of May to the 15th of September or the 30th of September. The up-river route by way of Bering Sea is practically open from July 1, when the ice goes out of the St. Michael Bay, until about the middle of September. It is difficult to figure on anything after September, because the wind after that time interferes with the reloading from the ocean steamers to the river boats.

Mr. CUSHMAN. Is this St. Michael the only water or rail route to the interior?

Mr. SPRING. The two routes that I have described are the only means of getting in during the summer months; that is, the up-river route can be used for about five months and the down-river route about three months, but neither of those routes can be used during the winter months, the distance being too long to make it at all practicable. There is, however, a winter route which we are using, by going across country from Fairbanks to Valdez and the coast.

Mr. CUSHMAN. Indicate the route on the map, beginning at Fairbanks.

Mr. SPRING. On the 20th of December I left Fairbanks, and landed at Valdez on the 3d of January, following the mail route.

Mr. CUSHMAN. Taking how many days?

Mr. SPRING. Thirteen days. I traveled on foot, though you can travel with horses. The mail is being carried over that route with horses.

The CHAIRMAN. Describe this mail route.

Mr. SPRING. It follows up the Tanana to the Big Delta, then up the Delta to the main divide—that is, until you get to the head of the Delta; all the watersheds empty into the Yukon, which river in its turn empties into the Bering Sea. The moment you strike the top of the divide at the head of the Delta all the watersheds empty into the Copper River basin, which river empties into the Pacific Ocean at Cordova Bay. We traveled the first 30 miles on the right bank of the Tanana River, then we took the river proper and went up to the Little Delta. There we crossed the Tanana on the ice and then traveled up on the left bank of the Tanana from the

Little Delta to the Big Delta. We then went south up the Big Delta until we came to the divide, or the glacier that feeds the three rivers. It is an imperceptible divide. From the top of the divide we went down the Copper River, practically following the basin called the Copper River basin, until we got to the Coast Range.

The CHAIRMAN. How do you travel?

Mr. SPRING. I traveled on foot.

The CHAIRMAN. Is that the general mode of travel?

Mr. SPRING. Yes, sir. Unless you can afford and have a good team of horses or dogs, and carry food for your animals, you might ride. Under the best circumstances, however, you can only ride part of the way, because it does not matter how many animals you have there are places in the trail when you can not ride, and no man would think of doing it. Four of us came out from Fairbanks with one horse pulling a sled, upon which sled we had our robes and some things a man would naturally carry by way of a change of clothing and some provisions.

Mr. CUSHMAN. What is the cost of travel across this route you have described?

Mr. SPRING. The shipping of freight is almost prohibitive. I am to take in next month a few electric motors, in connection with our electric plant for pumping apparatus, and I figure that it will cost me at least 50 cents a pound, so that when I speak of developing industry in that country I think I am safe in using the word "prohibitive."

The CHAIRMAN. How about those trails, are they just a beaten way through the snow?

Mr. SPRING. Before we had any road commission the miners would usually subscribe money and cut a trail. They would cut the wood and throw the trees to one side, and that would be a trail.

The CHAIRMAN. What is the character of that timber? Is it sufficiently close so that it becomes necessary to cut it out?

Mr. SPRING. I might answer that by showing you some photographs, so as to give you a good idea of it. Generally speaking, we have sections which are thickly timbered, and we have others where the timber is scattered. But, I will say that from the time I left Fairbanks until I reached Valdez, with the exception of a few miles of divide, I was never outside of the woods. It is well wooded all the way through.

The CHAIRMAN. There is not much underbrush?

Mr. SPRING. Yes, unless you get into the bottom lands, where there is quite a lot of big timber. Ordinarily speaking, there is quite a bit of underbrush.

Mr. REYNOLDS. Are there any settlements?

Mr. SPRING. On the trail which we have come out on only the road houses. Usually these stations furnish meals and lodging. They are private enterprises.

Mr. SULZER. Is there any stage line on that trail in the summer time?

Mr. SPRING. No, sir. There is not anything of that kind yet. I should like to see the Government establish one, and I have been doing all I could to have one established. I took up the matter with General Shallenberger. I do want to see the mail carried over

that overland all-American route during the summer, as well as during the winter.

Mr. SULZER. It has been carried during only part of the year?

Mr. SPRING. The Department is now letting contracts over that trail for eight months in the year—that is, beginning May 1 and ending October 31. During the remaining four months the Department aims to carry the mail on steamboats either by way of Skagway or St. Michael. Thus, during the summer months this overland trail is entirely neglected and closed, which results in this difficulty: That from the 15th of April, when the sun begins to melt and traveling becomes difficult, and until late in June, when steamers begin to reach us regularly, the mail service is entirely stopped or interrupted. The same condition confronts us again in the fall. The steamers cease running some time in September, and the rivers do not freeze until late in November. Thus, every year, spring and fall, our mail service becomes interrupted. I drew the Department's attention to the fact that if the first-class mail was carried overland all the year round the contractor would have employment for his men and animals during the summer months and thus would be in better shape to do his work spring and fall. Major Richardson, the president of the Alaska road commission, coincides with my views and urges the keeping open of that route the whole year.

The CHAIRMAN. What are the larger interior settlements of Alaska?

Mr. SPRING. The earliest settlements in Alaska were and are on the Yukon River—Fortymile, Circle, Fort Yukon, Hamlin, Rampart, and Fort Gibbon. There are some Catholic mission stations below Fort Gibbon on the Yukon River. I am not familiar with them. Circle City, known as the Birch Creek diggings, began to be settled in 1893, long before the Government passed any laws for Alaska. That community grew and became prosperous under a system of government of their own making, promulgated largely through the miners' association. Their laws are well worth studying, even by the present lawmakers.

Mr. LLOYD. Have you a copy of those laws?

Mr. SPRING. I could get them from the records of the association.

Mr. LLOYD. You could not furnish them to us within a few days?

Mr. SPRING. No, sir.

Mr. SULZER. How long would it take to get copies of those laws?

Mr. SPRING. Not before next summer. I would be glad to give them to you sooner if I could.

Mr. CAPRON. Don't you think that copies could be found somewhere on file in Washington?

Mr. SPRING. My recollection is that the mining laws which they framed were copied in a mining case from Circle, which finally reached the Supreme Court of the United States, and which, by the way, that court sustained. During the winters of 1895 and 1896 over 2,000 Americans settled in the Birch Creek diggings, and during these years you could leave your clothes with your watch and money in them hanging on the outside of the cabin door without the least danger.

Mr. LLOYD. It would be a dangerous proposition to steal it?

Mr. SPRING. A man stealing it would soon be "riding the log."

Mr. SULZER. There would be no way for a thief to escape.

Mr. SPRING. He would be followed. He could not get very far. Now, I do not want you to believe that legislating for Alaska is like legislating for the Philippines or Porto Rico. As early as 1895 the miners' association bought in San Francisco a free library for Circle City. It is a very well-selected library, and though I am not an educated man, yet I must say I have never seen a better one. Then just as soon as that region began to develop richer diggings were discovered 300 miles upstream in what is now known as Dawson.

The CHAIRMAN. Dawson is in British territory.

Mr. SPRING. Yes, sir, in Canada. As soon as the news of the Dawson strike reached Circle the Americans, nearly all of them, went up to the new stampede, and here I might remind you that the mining laws, as framed by the men themselves at Circle, were adopted by the Canadian government in the early years and applied to Dawson. Early in 1898, quite a stampede from all over the world came into Dawson, more people than could find immediate employment, and they naturally drifted downstream in crossing the boundary line into American territory, thus again rehabilitating all the American mining camps on the Yukon River. When the Government began to build the military telegraph line up the Tanana River to Valdez the miner and prospector followed, with the result that in 1902 rich diggings were discovered in the Tanana Valley, and from that time on the entire Tanana Valley has gradually become settled.

The CHAIRMAN. Will you recapitulate without much description the principal interior settlements in Alaska?

Mr. SPRING. The principal interior settlements in Alaska to-day are scattered settlements on the Yukon River proper and across the Tanana toward the Copper River Valley. My interest in Alaska has continued for several years, having corresponded with the various Departments continuously, because I have felt much interest in matters up there; and I believe that Alaska is to be to the people of the United States of the present century what west of the Mississippi was to the people of the United States in the last century. I do not hesitate to say that Alaska has homes for millions. It is a good deal like the conditions when California began to be settled up on account of its mineral and agricultural development. The same thing is true in Alaska under different climatic conditions. There is nothing in Alaska that is any more severe than the climatic conditions of the country from which I came—Poland.

Hunger and lack of shelter, the bane of all European countries, does not exist in the interior of Alaska. The rivers are teeming with fish, the woods are full of game, and there are untouched natural resources that are absolutely unlimited. I am not speaking about cereals, but the Department of Agriculture claims that they can raise seed wheat for the United States in Alaska. Personally, I do not go that far; but I do contend, and base my contention upon actual observation and some experimentation, that fodder and vegetables can be raised successfully in Alaska—and fodder, as you know, means meat. I expect to see the day when the interior of Alaska will become the principal stock-raising section for the United States. If you will pardon me, I might remind you that twenty-two years ago, as an emigrant, after working eight months in New York, I went West. The route that I then took was from Omaha to Granger on the main Union

Pacific; from there on the Oregon Short Line and then on the Oregon Railway and Navigation Line into Portland, Oreg. From about 50 miles west of Omaha until I almost reached Portland I saw nothing but sagebrush and sand hills. I tramped across that section of the country and even then felt that where there was sufficient moisture to grow sagebrush other things more useful to human sustenance could be raised. Only a few days ago, when I had to come East from Seattle, I purposely came back by the same route, and during the entire distance of 1,500 to 1,600 miles there was a continuous chain on both sides of the track of cultivated fields. What is true of the section I just described will be truer yet of the interior of Alaska, to which I desire to draw your attention. Wyoming, Idaho, Utah, and eastern Oregon all have stretches of arid regions, while the interior of Alaska is absolutely humid.

Mr. CUSHMAN. I would like to ask you to state briefly to the committee what your views are in reference to the building of railroads in Alaska without Government aid, speaking generally?

Mr. SPRING. I do not know. I can only say that ever since I have been up there I have heard about railroads that were to be built in Alaska. We have had oceans of projects and yet last month I had to walk 375 miles in order to get from Fairbanks to the coast, and next month it will cost me over 50 cents a pound to take in several tons of machinery over the same route. That country, to be developed, must have railroads.

Mr. CUSHMAN. Some gentlemen have made statements in reference to a railroad to be constructed by private enterprise out of Valdez toward the Copper River. State generally to the committee whether you have any knowledge of that enterprise.

Mr. SPRING. I have not, except that when I came out I came out through Keystone. What they have done I do not know. Speaking of the interior, I do not care to say anything about the Copper River mines. If the mines are rich enough they will be developed. If the Government is to develop that section of the country, it can be done without regard to the mines, because they can take care of themselves if they are rich enough. If it is good policy for the Government to aid the arid regions of the West, it certainly is good policy for the Government to aid in the development of the humid regions of the interior of Alaska. If I read history aright, progress is marked by the aim of the rifle and the blow of the ax, and Alaska affords a field for ample exercise of both of these weapons. I think that is a subject to which Congress ought to address itself. I have not a dollar of interest in those things. I am speaking generally. In 1900, when I was in the Tanana Valley, I became strongly imbued with the idea that I was seeing the "promised land." I am going over to New York with Mr. Simon Wolf some time this week and am going to try to persuade the parties in charge of the Baron Hirsch fund to induce some Hebrews to go to Alaska, because there they can make an independent living.

Mr. McGUIRE. What kind of game have they?

Mr. SPRING. They have moose, caribou, mountain sheep, and all the wild fowls. The moose run the whole year around. The first five years that I was in Alaska I had no beef, but I had fresh meat in caribou and moose. Permit me to draw your attention to the fact that to my knowledge this is the first winter in the history of Alaska when

you could buy in the interior of Alaska horse feed at store prices, 7½ cents per pound, or \$150 per ton. Only last spring I had to pay for horse feed 25 cents per pound. Naturally, as the mining industry develops more draft animals will have to be used, and thus there will be a local market for fodder, which in itself will go a long way toward feeding and supporting a railroad.

Mr. KLEPPER. Is anybody engaged in farming up there?

Mr. SPRING. Yes; to some slight extent. But at best the Agricultural Department is slow, and its slowness is due principally to the fact that we in the interior do not know what seed to buy that would best prosper in that climate, and we have never yet been sufficiently fortunate to induce Congress to appropriate sufficient money to enable the Secretary to supply us with adaptable seed. As to vegetable raising, I do not believe there is a country in the world that raises sweeter turnips and general root vegetables than does Alaska. Potatoes we grow very few of as yet. You must have the potato itself in order to plant it, and there never were enough potatoes left in the spring for seeding purposes. The potato has got to be nursed to keep it from freezing. You can take a package of vegetable seed and keep it.

The CHAIRMAN. You speak of certain arrangements which you hope to consummate to induce a Jewish population there. How can this population sustain itself, in your opinion?

Mr. SPRING. It would do so by working and by keeping road houses and establishing small farms.

The CHAIRMAN. Would you want to limit the number?

Mr. SPRING. The more the merrier. Population is what we want. We have got the money, and we want the people to do the work. Do not misunderstand me. When I speak of endeavoring to induce the Baron Hirsch people to send some Jewish immigrants to the interior of Alaska I do not mean to say that the country is more adapted for Jews than for Christians. What I have in mind is all sturdy young foreigners who are willing to work and to submit to hardships necessarily incidental to pioneer life. I speak of the Russian Jew not because he is a Jew, but because he comes from a cold country and is practically already acclimated to Alaska, and, moreover, has suffered enough from persecution in Russia to induce him to appreciate the advantages which Alaska will give him.

The CHAIRMAN. The committee did not misunderstand you in that respect. You spoke of that, and I wanted to understand your position.

Mr. SPRING. I spoke of that because the Baron Hirsch fund is there for that purpose. I intend to lay before the committee some photographs which have been taken for the purpose of exhibition in the common schools. They want to get them for stereopticon views. I believe that immigrants, irrespective of nationality or religious views, should be educated at the port of entry, and they will find plenty of chances in the interior of Alaska.

Mr. MOON. I understand that you said something in the first part of your remarks as to the extent to which the territory should be used in an agricultural way.

Mr. SPRING. I spoke of the Tanana Valley. It is an average of 50 miles in width and 600 miles in length. It is a big valley. I think there are six or eight streams entering the Tanana River that are

navigable from 50 to 100 miles up. The McKinley Basin is the basin at the foot of a mountain 20,000 feet high. You have got so much in your official reports of that nature that you can learn more from them as to that country than I can tell you. I wish this committee would ask Mr. Brooks, who has been there for eight years in Government employ. He can answer that question as to what extent agriculture can be carried on.

Mr. CUSHMAN. I understand that you came down to Valdez and, perhaps, had observed some work on the proposed railroad. State briefly the extent of that work that is now being done there by private enterprise.

Mr. SPRING. I saw some grades that had been thrown up.

Mr. CUSHMAN. About how many—15 or 20 miles?

Mr. SPRING. I had no occasion to look into them. I did not see more than half a mile. There may have been some at other places which I did not see. They are not near Valdez; they are off 2 or 3 miles. I do not know anything about them. I do not care anything about the condition of things in the copper-mining regions there, and I simply want to say to you gentlemen in Congress that you ought to do something to develop the interior.

Mr. HIGGINS. In order to get transportation?

Mr. SPRING. Yes; to give the country transportation.

Mr. LLOYD. By railroads?

Mr. SPRING. There is plenty of room for railroads and for wagon roads. I am not taking a narrow view of the interior of Alaska. If you built a dozen railroads, there would still be enough business. Already whatever little work the Alaska road commission has done has reduced the cost of transportation, but I think that commission should devote its energies toward completing roads and trails from the supply points to the mines, and thus make transportation easy and cheap from the head of navigation up to the various producing creeks; but, as far as pike roads are concerned, it is altogether too late to build them in any other way than with steel rails. Some roads from the head of navigation to the creeks which we have built have been adopted by the road commission. The road commission has plenty of work to do, and they have done good work. Congress should give them assistance.

Mr. HIGGINS. How many Jewish citizens are there now?

Mr. SPRING. About two or three hundred.

Mr. HIGGINS. Do you know anything about them generally?

Mr. SPRING. They are mostly western Jewish business men. There are hardly any Jewish immigrants.

Mr. CUSHMAN. Speaking about transportation, tell the committee what your ideas are about any railroad that might be built into the interior of Alaska. What point would it ultimately have to reach in order to be available to the people in the interior?

Mr. SPRING. It must reach the Yukon River. There must be a beginning and ending to all things.

The CHAIRMAN. At what point on the Yukon River would it benefit the largest number of probable settlers? Running by what route thence?

Mr. SPRING. Naturally, as I live at Fairbanks, I would like to see a line up to that point. It is a big country, however, and to strike the Yukon River near the boundary line would afford the advantage

of striking the river where all freight during the summer months could be sent from there downstream. It is a beautiful country. Mail has been carried overland to Eagle for three years. That is the route that the people expect to follow. It strikes the Yukon and then goes downstream. It strikes Fort Gibbon and then goes up the Tanana, so that in that sense that may be a point to be considered. We must have a beginning and we must have roads in there. I do not care where they are located. Let us have a beginning somewhere.

Mr. CUSHMAN. Could you state whether or not there would be any particular benefit to the vast mass of people living there in the interior to have a road built from the Pacific coast out to this group of copper mines?

Mr. SPRING. I do not know. If the mines are rich enough they would be developed. I can not see why the Government should build a railroad to build up copper mines.

(Committee adjourned until following day.)

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
January 31, 1906.

**STATEMENT OF MAJ. W. P. RICHARDSON, U. S. ARMY, PRESIDENT
BOARD OF ROAD COMMISSIONERS FOR ALASKA.**

The CHAIRMAN. Major Richardson, you will please proceed.

Major RICHARDSON. Mr. Chairman and gentlemen of the committee, you will find before you printed copies of two letters from the Secretary of War, transmitting a memorandum which I submitted to him at his direction, which contains in condensed form about all the information I can give you on the subject of railroad construction in Alaska, unless it be an elucidation of some of the matter therein contained. There are two propositions contained in these two communications. These are interdependent to a certain extent. One is a recommendation for a supplementary direct appropriation by Congress, for the improvement of roads and trails in Alaska, of \$150,000.

The CHAIRMAN. The letters to which you refer are letters from the Secretary of War to the chairman of the Senate Committee on Territories and the chairman of the House Committee on the Territories, accompanied by a memorandum in relation to railroad construction in Alaska, made by yourself?

Major RICHARDSON. Yes, sir. I will say that these communications were prepared, in general, by me, and submitted to the Secretary of War and modified under his direction until they met with his approval. He then signed them and transmitted them. This request in the Secretary's recommendation in relation to these subjects is based upon two reasons: One on the fact that Alaska stands as a creditor on the books of the United States Treasury, instead of a debtor to the States; and the other on the fact that there is great need for this money for the purposes in question in Alaska. If you

will allow me, I will read some parts of the letter from the Secretary of War:

From the report of the subcommittee above referred to "which is the subcommittee of the Committee on Territories of the Senate which made a visit to Alaska in 1903," it appears, upon figures furnished by the Treasury Department, that the total receipts from Alaska from the time of its purchase to and including 1903 exceeded by \$999,041.63 the total expenditure of all descriptions, including such exceptional items as expense of revenue vessels, relief of people in mining regions, and Bering Sea awards and commissions. If we add to this the sum of \$102,000 received from licenses outside of incorporated towns during the intervening year of 1904 before the passage of the act of January 27, 1905, the total will be \$1,101,041.63.

The setting apart by special appropriation of \$1,000,000 for this work has been suggested, and, considering the above figures, such an act would not appear to be more than simple justice to the district, in view of its great need in this direction. The sum of \$150,000 is recommended here, however, as the amount that could be expended judiciously the coming season and permit further and more specific information to be submitted in regard to routes.

The board of road commissioners is now shipping over the snow from Valdez supplies to be used in construction of the trail to Fairbanks, and in case funds become available to justify this work will be enlarged and all preparations made to complete the trail the coming season.

My duty in that country is as a member of the Board of Road Commissioners provided for in the act of Congress of January 27, 1905. This Board is composed of three officers. An engineer officer and another lieutenant are on the Board besides myself.

The money collected from licenses outside of incorporated towns, as all of the gentlemen of the committee must know, is set apart for what is known as the "Alaska fund." Seventy per cent of this is expended by the Board of Road Commissioners for the improvement of roads and trails in Alaska. That fund, which we have been working on during the last year, as stated in the Secretary's letter, is wholly inadequate for the needs, and a request is made for a supplemental appropriation.

The CHAIRMAN. What are the total receipts?

Major RICHARDSON. They vary, of course, and are somewhat uncertain. But \$102,000 was received, as stated in the Secretary's letter, during the year preceding the passage of the act, 70 per cent of which would have gone into our fund if the act had been in operation at that time—approximately \$70,000. The books of the Treasury Department showed last year, up to December 23, I think it was, eleven months after the passage of the act, that \$88,331.55 had been received. We therefore expect to get from that fund next year approximately \$100,000. Now, this fund accrues from a tax on the people. They naturally expect to have that money distributed in the different districts, as nearly as practicable, according to the amounts collected in those sections. It is small enough, certainly, for that distribution to accomplish anything, but if any proportion of it is to be used to improve a pack or sled trail across the country to open water, then there will be little left when divided up to expend upon local improvement. It is for this special cross-country trail work that the appropriation is asked.

The CHAIRMAN. In a general way, will you state to the committee what your Board has already done with the funds derived from this statute?

Major RICHARDSON. The Board received up to the close of the working season last year only \$28,000, which was expended mostly

in the Fairbanks district, improving the roads from the town of Fairbanks out to the creeks and in cutting a trail up the Tanana Valley leading toward Valdez; and on the lower end of that trail some improvements have been made on the old military trail, part of which is used to reach Fairbanks from Valdez. The money which was expended in that portion of Alaska of course did very little good on account of the long stretch of country to cover, but we did what we could with it. We cut through the woods and blazed a route and made a preliminary survey for a short line from Valdez to Fairbanks. You gentlemen had some explanation made to you yesterday by Mr. Spring about the trail from Valdez to Fairbanks. That trail is considered of more importance than any other trail or road in Alaska.

The CHAIRMAN. Will you describe the trail, so as to have it go in the record?

Major RICHARDSON. The trail leads from the open water in Prince William Sound—Valdez—and passes up the Copper River to the vicinity of the mouth of the Gokona River, and thence up the divide between the Gokona and the Gulcana, and down the Big Delta to the Tanana, and down the Tanana to Fairbanks. There are probably 4,000 people in the city of Fairbanks, and 9,000 in that district. There are on the line of this trail extending to the westward, as I will show later, probably 20,000 people who will be benefited by every dollar's worth of work done on the trail from Fairbanks to Valdez; and that is why I say that this particular expenditure is more important than any other. There are many other places where they are in need of improvement in the way of roads, of course, as you know, but everybody will benefit by this route. Everybody in central and western Alaska will benefit thereby, except possibly a few people in the upper Yukon Valley. I think, in fact, that even they will benefit by it also.

The CHAIRMAN. That is the only way, I understand, of getting into the interior of Alaska.

Major RICHARDSON. That is the shortest way of getting into the interior of Alaska by way of American territory.

The CHAIRMAN. The only way except through the White Pass and Yukon route.

Major RICHARDSON. Yes, sir. This distance is from 360 to 375 miles. Mr. Spring described yesterday the travel through there and the condition of that trail. It should be something more than an ordinary trail. It is not intended to make a wagon road—I mean for freight purposes—but the trail should be wide enough for wagons at all crossings, and suitable for driving stock over in summer and for pack animals to travel. It needs corduroying in several places, and bridging of small streams. There are many streams that are dangerous in summer, owing to the great flow of water from the snow-capped mountains.

The CHAIRMAN. There are no bridges on the trail now?

Major RICHARDSON. Yes, sir; there are some already—one or two. We are sending in material now to bridge the most dangerous of those streams.

The CHAIRMAN. What do you do with the larger streams?

Major RICHARDSON. We intend to put cable ferries across them.

The CHAIRMAN. At present how do you cross them?

Major RICHARDSON. They swim their stock. Of course men cross in little rafts or small boats. Travel is just developing along that line.

The CHAIRMAN. How long has this trail been open?

Major RICHARDSON. It is not open now, strictly speaking—the entire trail. This part of the trail, as far as Copper Center, is what was blazed through to Eagle City several years ago, and is what is known as the “military and telegraph trail.” Major Abercrombie spent two summers in exploration and two summers more in actual construction work, that being the beginning of the opening of the country by this route. The military trail and telegraph line crosses the Tanana much higher than our present proposed crossing. All this work took place before the development of towns on account of the discoveries of gold. Now the tide of travel is seeking the shorter line down to the Tanana instead of following the military trail.

The CHAIRMAN. Just where does that diverge?

Major RICHARDSON. At the mouth of the Gokona River. Now, we have not definitely located all that trail, and people are traveling across and making their own trails, as explained yesterday, and going by such routes as they can. We spent some money in improving the lower end of this trail last summer, and at the upper end of the trail near Fairbanks; but we were not able to do much work on the new section from the mouth of Gokona to Fairbanks. Our engineer officer went across this section in the fall and made a preliminary location of it, and we expect to push the work forward in the spring as rapidly as possible with such funds as we have at hand. Now, that trail, if suitably opened up in the manner of which I spoke, will enable the people in the Fairbanks region to receive their mail and to travel in and out from Fairbanks in five days. It will also permit mail to reach Fairbanks in summer by pack horses if the Post-Office Department should care to make such a contract. Letter mail could be delivered in five days by relays.

Mr. KLEPPER. Do you mean from Valdez in five days?

Major RICHARDSON. Yes. It is a simple proposition by the relay system to take a pack horse across in five days, traveling 3 or 4 miles an hour.

Mr. KLEPPER. Would you travel the whole twenty-four hours?

Major RICHARDSON. Yes; there is nearly all daylight from May until September. It is a question of whether conditions justify the expense of a service of that kind, but it is my belief that the number of people there justifies a mail contract of that character. It is impossible under the present conditions of travel by water even in summer to get the mail into Fairbanks under about fifteen or sixteen days, on close connection, and it is more often twenty or twenty-five days.

Mr. KLEPPER. From what point do you mean the mail would leave?

Major RICHARDSON. From Valdez.

Mr. KLEPPER. Do you mean that if you went around by water from Valdez it would take twenty days?

Major RICHARDSON. No; I mean that the mail is received now in summer time by way of White Pass and Yukon route and the Tanana, or by way of St. Michael and up the Yukon and Tanana rivers.

Mr. KLEPPER. Do you mean it would take fifteen days from St. Michael?

Major RICHARDSON. I mean from Seattle to Valdez it would be from five to six days, thence to Fairbanks five days, or a total of eleven days, against fifteen to sixteen days by present routes.

The CHAIRMAN. From Seattle by way of the other routes?

Major RICHARDSON. From Seattle by way of the other routes; yes.

The CHAIRMAN. There is some discussion before this committee as to the construction of a railroad from some point at the head of the Gulf of Alaska to Eagle City, on the Yukon. Where would that projected railroad touch this trail that you have described? What relation would it have to that trail?

Major RICHARDSON. It would probably follow that trail in a general way as far as the mouth of the Gokona.

The CHAIRMAN. As far as the railroad was constructed there would be no further necessity for the trail, would there?

Major RICHARDSON. No; I should say not. Rather, the needs in other parts of Alaska are so great it would not be desirable to expend more money there if you had a railroad. I am sure that eventually there will be a railroad there, either through private enterprise or assisted by the Government, and for that reason we do not wish to expend money on that route more than to build a trail to meet conditions in the meanwhile, and that trail will be an aid to the development of the country, as well as supplying the people who are already in there.

The CHAIRMAN. How far would a railroad follow that trail?

Major RICHARDSON. I should say about 100 miles.

The CHAIRMAN. To what point? Is there a town or any point on the trail you can name?

Major RICHARDSON. I am unable to answer that question definitely, because, whereas two or three years ago the consensus of opinion was that the proper route—a trunk line of road to connect the interior of Alaska with open water—was from Valdez across to the upper Yukon at Eagle, now the condition has changed, and many people consider that the proper route is along the line of this trail that I have just mentioned.

Mr. CUSHMAN. What the chairman desires to know, I think I can outline by a question. If the railroad should be projected up the Copper River to Eagle, where would that railroad diverge from this trail that you speak of that leads down to Fairbanks—that is, from the mouth of the Gokona River?

Major RICHARDSON. About 125 miles from Valdez.

The CHAIRMAN. Would you travel over 100 miles of the trail that you have just described?

Major RICHARDSON. Probably.

Mr. SULZER. How far is that from Copper Center?

Major RICHARDSON. About 25 miles.

Mr. CUSHMAN. Which is the hard end of this trail which you describe, that near Valdez next the coast or that in the interior?

Major RICHARDSON. That near Valdez next the coast. That is where the money has been mostly expended.

Mr. SULZER. Is that on account of the glacier?

Major RICHARDSON. The pass is used to avoid this glacier.

Mr. SULZER. Through the Keystone Canyon?

Major RICHARDSON. Yes.

Mr. SULZER. How many miles from where the road would diverge from above Copper Center would it be from Fairbanks?

Major RICHARDSON. Approximately about 250 miles.

Mr. SULZER. How is the trail from that point?

Major RICHARDSON. There has been very little done on that trail. We had only four or five thousand dollars to expend. Now, from Fairbanks it is about 130 miles, probably, by the shortest route to the Yukon in the vicinity of Rampart, and that is where this trail should reach ultimately. That is the line of extension through the Rampart diggings and into the Yukon Valley. From there the people, continuing to the westward, generally go down the Yukon River to the vicinity of Kaltag and then they cross to the Nome country.

There is an extension of this trail from the Yukon westward that is proposed by our board in case the Government does not give any support to railroad construction, opening up trunk lines in the country so as to facilitate mail service all the way from Valdez and the travel generally to the Nome Peninsula. The special appropriation that the Secretary desires to have made, in accordance with the recommendation of the board, is for that work, based on the fact that Alaska is entitled to some consideration—for a trunk line or pack and sled trail to facilitate the travel in and out of this country. This will permit the tax money to be distributed in the localities from which it is drawn and expended for local improvement. That sums up the proposition as concisely as I am able to do it. I have been in Alaska for several years, and I am in a somewhat unusual position as an army officer. I take more than a professional interest in this matter, for the reason that I have seen the struggle of these people and I have seen the hardships they have endured.

Mr. McKINNEY. Are those trails to be summer or winter trails?

Major RICHARDSON. I desire to make them both. And that is why I earnestly urge consideration of that appropriation, to enable these people to get in and out of that country.

The CHAIRMAN. Do you urge any direct appropriation to be added to this fund that may be derived from license taxes in the cities?

Major RICHARDSON. Yes, sir; a direct appropriation of \$150,000. As I explained, these two propositions contained in the letter before you are interdependent. The Secretary of War proposed to recommend and urge an appropriation of a million dollars for road and trail improvement in Alaska, to be expended according to plans submitted by the board and approved by him, the work, of course, extending over a period of years but based upon a definite fund available. But, considering the possibility of the Government giving aid to railroad construction, he modified that recommendation, naming only what the board could expend judiciously this year on the trail leading from Valdez across to the Yukon and leaving the remainder of the million dollars until another year or until Congress should decide in the matter of aid to railroad construction. He says in his letter that in case the Government should then decide to aid in the construction of a trunk line of railroad, it is thought that further aid to wagon road and trail construction might be withheld—that is, after this year.

The CHAIRMAN. Supposing that Congress should be disposed to consider the question of some sort of Government aid to railroad con-

struction, will you indicate to this committee where the first railroad should be constructed to be of the most benefit to the people of Alaska?

Major RICHARDSON. I should say from Valdez to the head of navigation on the Tanana River. That is unquestionably the road that would be of the greatest benefit to the greatest number of people.

The CHAIRMAN. That would be the direct route to the largest number of settlements?

Major RICHARDSON. Yes, sir.

Mr. CUSHMAN. Where is the head of navigation on the Tanana River?

Major RICHARDSON. Just below Fairbanks.

Mr. CUSHMAN. I understood that Mr. Spring and others had been running boats up away beyond Fairbanks. However, that may be an error on my part.

Major RICHARDSON. Very small-draft boats can get up under great difficulty. I spent ten days last summer and got up only 40 miles, which shows the difficulty. I was traveling on a specially constructed boat.

I wish to modify my statement at this point in regard to railroads. The route indicated to Fairbanks would be of the greatest benefit at present to the greatest number of people. Whether it would be the best policy for all time is another question. There are some other arguments that come into consideration, as, for instance, reaching navigation on the Yukon higher up and running near the international boundary, with the object of developing this upper region more. I should rather incline to favor myself that aid be given to a road running in that direction as a permanent proposition for all time.

Mr. HIGGINS. I would like to ask whether that touches the principal mining camps that are now in existence and in operation?

Major RICHARDSON. Yes; it goes from tide water to the upper mining camps in Alaska to Fairbanks.

Mr. HIGGINS. And other camps intervening between, south of Fairbanks?

Major RICHARDSON. Yes; there are quite a number of small camps. People are scattered through here prospecting along the line of this proposed road.

Mr. HIGGINS. And is that the section of Alaska that has developed most rapidly?

Major RICHARDSON. The Tanana Valley has developed more rapidly than any other section, and Fairbanks is practically the center of that valley.

Mr. HIGGINS. And that is being developed through the gold and copper mines that are there?

Major RICHARDSON. Gold principally at this time. They took \$6,000,000 of gold out of the Fairbanks district last summer.

The CHAIRMAN. Will you briefly state to the committee what railroads there are in Alaska?

Major RICHARDSON. Starting at Skagway there are 20 miles of railroad in Alaskan territory to the international boundary to the summit of White Pass—the White Pass and Yukon road—a total of 111 miles to White Horse, which is at the head of navigation on the Yukon River. From White Horse in summer the boats connect with

Dawson and do all the Dawson business. In winter, as soon as the ice begins to run, they put a stage line on there at White Horse, and they run from White Horse to Dawson—a trip of five days and a half—a distance of 330 miles.

Mr. HIGGINS. Over the ice?

Major RICHARDSON. No; it is a land trail. The ice is very uncertain. The river will sometimes overflow and there will be open places, and you have to follow the windings of the river. It is better and shorter to have a land trail.

The CHAIRMAN. You say that is what we want to do "there." I wish you would be more specific. Do you mean the Tanana Valley?

Major RICHARDSON. That is what we wish to do in the Tanana Valley; that is, from Valdez to Fairbanks.

The CHAIRMAN. Name the other railroads, if there are any.

Major RICHARDSON. The Alaska Central Railroad has a terminus at Seward, Resurrection Bay, and I had reports from their chief engineer last fall saying that they would have approximately 50 miles completed by the end of the season. Their intention is to go up the Sushitna Valley, which is probably the best valley in Alaska, and is the most favorable for agriculture, as it is more protected. It is not so large a valley as the Tanana Valley. It is more favored than the Copper Valley.

Mr. MCKINNEY. You speak of the Alaska Central Railroad. Is that a private enterprise? About how long will that road be?

Major RICHARDSON. I do not know just where they intend to go. If they go to Fairbanks it will be from 450 to 475 miles long.

Mr. SULZER. Four hundred and sixty eight miles. Have you any knowledge as to how soon they will complete the line to Fairbanks?

Major RICHARDSON. No; I have not. It will probably be a great many years.

The CHAIRMAN. What is the nature of the country?

Major RICHARDSON. They have some rock work out there. I am not familiar with the country through there.

The CHAIRMAN. Are there any other railroads?

Major RICHARDSON. They are doing some work in the vicinity of Valdez. I do not know what it is. Of course you heard Mr. Spring on that yesterday. Two or three companies are proposing to build from Valdez or that vicinity. At Fairbanks there are 26 miles of road constructed, connecting the town of Chena with the town of Fairbanks, and then sending a spur out midway between the two towns to creeks in the vicinity, a total of 26 miles. It is on that road from the railroad terminus to the creeks where we did most of our work last year to improve transportation conditions.

The CHAIRMAN. What do you mean by the "creeks?"

Major RICHARDSON. I mean the gold-bearing creeks—those on which they are doing mining. They lie from 25 to 35 miles distant from Fairbanks, at the head of navigation on the Tanana River. They haul supplies by wagon.

Mr. REYNOLDS. Are they operating that road?

Major RICHARDSON. Yes; they are operating it now. In the Nome Peninsula there are several small railroads; from the town of Nome to the upper Nome River—perhaps 20 miles of trackage, or very nearly that. And then from the mouth of the Solomon River the Solomon River Railroad, which has 17 miles of road completed. It

proposes to build to Council City. The road is called the Solomon River and Council City Railroad. And then there is a small railroad from Council City to Ophir Creek, which is about 8 miles long. The Solomon River road is standard gauge, as is also the Alaska Central Railroad. All the other roads are narrow gauge. All of these roads in Nome Peninsula operate in summer. They are for the local business from the coast into the interior to the centers of mining on the different creeks.

Mr. CUSHMAN. The Fairbanks road operates all the year around?

Major RICHARDSON. Yes, sir. Considering the railroad proposition in Alaska as a whole, the recommendations made and approved by the Secretary of War, with the accompanying memorandum, go into that subject somewhat in detail, or sufficiently so, it is thought, to give an understanding of the situation, and embrace the suggestion for a survey of a trunk line of railroad from the upper Tanana, where a road from the coast would naturally intersect it, either building to the copper properties or in reaching the upper Yukon at Eagle, westward to Seward Peninsula. This may seem rather a wild project at first glance, but if examined in detail I think you will agree that it has merit. I would say that the Secretary has this year recommended this survey only, and has left the matter of the coast connection untouched on account of private interests that are somewhat in conflict in the matter of building from the coast toward the Tanana. Now, with all this line of road through here—

The CHAIRMAN. Does that parallel water transportation?

Major RICHARDSON. No, sir; it approximately parallels a short section of the Yukon.

The CHAIRMAN. Where would be its western terminus?

Major RICHARDSON. The western terminus would be somewhere on Seward Peninsula. It might be at Council or farther to the northward. I think, if the conditions were favorable, it would naturally go farther into the heart of the peninsula and connect there with the little system of roads that are being built by private enterprise on the Seward Peninsula. There are gentlemen here who can speak of the Seward Peninsula better than I can. I would not like to dispute the assertion of the mining men of that country that they will be taking gold out of there for one hundred years to come. I consider it the most valuable placer field which I have ever heard of. No one can predict what will be the output of that Seward Peninsula in the way of gold, and those people should have some way of getting out and in besides going out by steamer in the fall and returning in the spring.

The CHAIRMAN. Would the people on the Seward Peninsula have the advantage of general transportation into the heart of this peninsula?

Major RICHARDSON. Yes; where not near enough the coast to get benefit of the water rate. Carrying stuff across country by present methods is very expensive. In carrying it by pack horses it does not take many miles to make the cost equivalent to taking it clear through from open water at Valdez on a railroad. When you come to consider 5, 10, 15, or 20 cents a pound for carrying supplies, it means a great many dollars per ton. And that is the condition you find as you get away from the coast. Now, it is not intended to carry this road near enough the interior waters to be a competitor, but it is a

general traffic proposition for mail, express, and passenger traffic, and for freight into the section of the country that can be reached more cheaply than it could be carried over the land from the coast or river ports.

The CHAIRMAN. The chairman desires to call attention to the fact that we agreed to give some gentlemen fifteen minutes before the committee adjourned; and having that in mind, will you kindly govern yourself accordingly? Your statement has been very interesting.

Major RICHARDSON. It is a matter very close to my heart, and I am anxious to supplement the argument of the people of Alaska with all the testimony I can give, and to assure you gentlemen that money expended along that line will be judiciously expended for the benefit of the people. As to the survey of this proposed railroad route, it means nothing more than a survey, as set forth in the present memorandum of the Secretary of War, but it will be not only valuable for future railroad projects throughout that country, but valuable to the board also, as a line or route through which can be put a pack or sled trail, which should be done next year clear through to Nome.

Mr. REYNOLDS. What would be the distance?

Major RICHARDSON. Approximately between 900 and 1,000 miles to the upper Tanana. It would be about 1,100 miles from Valdez to the Nome Peninsula. This route passes through a section of the country that is self-sustaining. I feel justified in making that as a positive assertion, with the exception of the strip through here [indicating on map], with which I am not familiar, but the resources of which would be developed by this survey.

The CHAIRMAN. As the country develops the income of your board will increase, will it not?

Major RICHARDSON. It is not likely to, for this reason, that we get the taxes from licenses outside of incorporated towns. As soon as a town gets large enough to incorporate, it does so, and has that money returned. We are therefore dependent somewhat upon the disposition of the people to incorporate.

The CHAIRMAN. I understand you, in a general way, to say that the possible construction of railways would have no effect upon the work of your board; that the construction of roads and trails is a continuing necessity, and would simply supplement railroad work.

Major RICHARDSON. Yes, sir; I think it would. This survey work and this trail work was designed as carefully as I could figure it out, to aid every railroad company that has any project on foot to develop Alaska. Every railroad that builds up over here will be benefited by any route that the Government might put through here. This piece of work will be of benefit to every person interested in Alaska, and will not interfere with any private or Government project that is now on foot. It is carefully laid out, so as to fulfill those conditions, and I certainly hope that the committee will give to those two projects favorable consideration.

The CHAIRMAN. Does any member of the committee desire to ask Major Richardson any further question?

Mr. REYNOLDS. I would like to have the witness state definitely what amount of railroad there is now in operation in Alaska.

The CHAIRMAN. Will you kindly cover that briefly, Major Richardson, stating the number of miles actually in operation in Alaska?

Major RICHARDSON. Twenty miles from Skagway to White Pass and 26 miles at Fairbanks.

Mr. REYNOLDS. How much is in operation in Alaska?

Major RICHARDSON. These two are in operation all the year round, and at Seward, Resurrection Bay. I understand they are running trains 20 miles into the interior. This line is in condition to work, and it is doing so with such business as is available. That would make a total of about 65 miles. In the Nome Peninsula there are 45 miles in operation in summer—about 45 miles in the Nome Peninsula and 65 miles in other parts of Alaska.

Mr. McKINNEY. Is that territory developed slowly or is it rapidly developed?

Major RICHARDSON. It has been developed quite slowly, owing to the difficulties of transportation.

Mr. McKINNEY. Owing to the difficulties with which you have to contend, you find that development is slow?

Major RICHARDSON. Yes, sir.

Mr. McKINNEY. You do not doubt the resources of the country?

Major RICHARDSON. I have the greatest confidence in the resources of Alaska, not only in its mineral, but also in the considerable areas that will serve for homes. Those people become attached to the country and, having become separated from their own homes and business elsewhere, will probably make homes there and remain there.

Mr. REYNOLDS. What is the present population of Alaska, 60,000 people?

Major RICHARDSON. No; I should say conservatively that the white resident population of Alaska is about 35,000.

Mr. REYNOLDS. No more than that?

Major RICHARDSON. Not more. I was going to say that there have been periods when there were more people than that in Alaska during the early gold discoveries, and then the population fell away gradually. I think that the increase will now continue right along. There are a great many more people there in the summer than in winter. I am speaking of the people who are going to make their homes there.

Mr. REYNOLDS. Do you consider from your knowledge that the people resident there, or the people that have interests there, consider the whole proposition as a temporary matter—that they are going in there temporarily to make some money and then come back? Is there any sentiment that there is something permanent there?

Major RICHARDSON. The sentiment has changed greatly in the last four years in that very respect. I should say that probably about four-fifths of the people in Alaska have a feeling that the country is developing, and this development is going to be continuous, and its occupation by white people permanent, and that they would just as soon live there as anywhere else. About five years ago that was not the case. Every man went up there to make some money and then come back. Now many of the people have lost their business and other connection with the States and say, "Alaska is good enough for us." You will not find anybody leaving Nome, except to get something to take back with him, or to come down here to try to get you gentlemen to help them out. In other words, the sentiment throughout the country is that the settlement in Alaska is permanent.

Mr. STANLEY. The cost of living, as I understood from the gentleman who appeared before us yesterday, is inordinate.

Major RICHARDSON. It varies greatly. On the coast at Nome and

in southeastern Alaska, it is not very much greater than it is in the States, because they have water transportation. Just as soon as you leave the coast it increases, and in the interior it is much higher than along the rivers.

Mr. STANLEY. What will be the effect of the impetus given the cultivation of land in the interior of Alaska upon the cost of living? Do you believe that with the proper cultivation of the soil and the proper encouragement by the Government in supplying seeds and things of that sort, with scientific experiment, that country can be made self-supporting?

Major RICHARDSON. I think Mr. Spring stated the case here very fairly yesterday in regard to agriculture in that country. It is doubtful whether wheat could be matured, but other cereals and all the hardy vegetables can be raised, as also all the things a man needs in that country, with the exception of flour and tropical fruits. Of course the cost of living diminishes as the country opens up. In some localities it is not so much a question of the cost of the food as it is of getting it there at all. It is a long way to carry vegetables and have them fresh. There is a great loss in decay.

Mr. MCKINNEY. To what extent is agriculture carried on?

Major RICHARDSON. To a very slight extent. As you know, as soon as there is placer-gold excitement very few people stop to till the soil, but in the past year or two there have been a number of people who have taken up little sections of land in the vicinity of the towns, at Fairbanks and in the neighborhood of the Yukon above Dawson, and are growing vegetables quite successfully.

Mr. HIGGINS. What about the development of the lumber industry through that section? Will it ever be practicable to bring the timber that is grown there into the United States?

Major RICHARDSON. I do not think so. I do not think that Alaska offers anything in the way of timber for export. The timber mostly is small, and it is a very light spruce. It is not a very high grade of lumber and is sufficient for the local needs only.

The CHAIRMAN. Tell the committee where the coal and copper deposits so far as discovered are.

Major RICHARDSON. The principal deposits are here [indicating on map] south of the Wrangell group of mountains, running to the eastward of the Copper River. From the best information I have, the principal deposits of copper so far determined are here and on the upper waters of the Tanana River. The exact location of the coal deposits I am not familiar with. There is some coal near the mouth of the Copper River in the vicinity of Kayak Bay. There is also coal in the interior on the line of the Alaska Central Railroad. There is coal along the shores of Cook Inlet. In fact, there is coal in many places, but it is not generally of very good character. That near Kayak is said to be of excellent quality.

Mr. STANLEY. You speak of placer mines. Where you find rich placer mines, is not that an index of quartz in the neighborhood there somewhere?

Major RICHARDSON. It is generally supposed to indicate that, although geologists claim that it is not a necessary conclusion, because the rock which contained the gold may have been all disintegrated.

Mr. STANLEY. The gold that is found in these was disintegrated quartz originally.

Major RICHARDSON. Yes, sir.

Mr. STANLEY. What is the fineness of the gold per ton in this quartz?

Major RICHARDSON. The principal gold mine of Alaska runs about \$2.80 to \$2.90 per ton. That is a very large deposit and is right on the water, which makes it possible to work such low-grade ore. In the rest of Alaska there has not been any quartz-mine work to any extent. They are doing some on the Seward Peninsula. Mr. Ryan, who is here, can probably give you some data on that.

The CHAIRMAN. We are very glad to have had you before our committee and thank you for the information you have given us. And, gentlemen of the committee, in connection with Major Richardson's statement before the committee I would suggest that perhaps his memorandum to the Secretary of War ought to be printed, and also such correspondence therewith—

Mr. LLOYD. I ask that in revising his remarks the Major be permitted to extend them on any of these subjects. Naturally he would use reasonable discretion in this direction.

Mr. SULZER. I think that is a good suggestion. Major Richardson is very familiar with the country.

The CHAIRMAN. Without objection, then, it will be ordered that Major Richardson be permitted to extend his remarks, and that the memorandum addressed by him to the Secretary of War, and all correspondence relating thereto, may be printed in connection with his remarks. There being no objection, it is so ordered.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES.
February 1, 1906.

**STATEMENT OF MR. ERASTUS C. HAWKINS, CIVIL ENGINEER
OF THE ALASKA RAILROAD COMPANY.**

Mr. CUSHMAN. Would it be satisfactory to the members of the committee if we should have the engineer, Mr. Hawkins, make a statement at this time?

The CHAIRMAN. We will be pleased to hear Mr. Hawkins.

Mr. CUSHMAN (addressing the witness). I think it would be more satisfactory to the members of the committee if you would just go on in a general way and tell about the conditions in Alaska with which you are familiar, and then, at a later time, describe somewhat the proposed route of the railway, giving any general information you may have along those lines.

Mr. HIGGINS. How long have you resided in Seattle?

Mr. HAWKINS. Since March, 1898.

Mr. LLOYD. What is your occupation?

Mr. HAWKINS. Civil engineer.

Mr. LLOYD. By whom are you employed at present?

Mr. HAWKINS. The Alaska Railway, which company now has a bill before Congress.

Mr. LLOYD. That is, by this company who are seeking aid from the Government?

Mr. HAWKINS. Yes, sir. A guaranty of interest on a portion of the bonds.

Mr. HIGGINS. You are a mining engineer also?

Mr. HAWKINS. No, sir; I am not.

Mr. HIGGINS. A railway engineer?

Mr. HAWKINS. Yes, sir.

Mr. CUSHMAN. What experience have you had in the matter of service as an engineer in connection with railway construction?

Mr. HAWKINS. I have been in the railway business since the year 1883, and in engineering in a general way. I took up railway construction in Alaska, including the Canadian Yukon country, in March, 1898, having charge of the White Pass and Yukon Railway, which was built from Skagway, at the head of the Linn Canal, for 21 miles through the district of Alaska to the summit of the White Pass, and from thence to the head of Lake Bennett, for 50 miles to the north boundary of British Columbia, and then down the Canadian Yukon country to a point on the upper Yukon, or Lewis River, at a point 2 miles below White Horse. This railroad at the present time practically serves both the upper Yukon, including the Atlin mining country, and the Klondike region, and also handles a portion of the traffic on the lower river as far as Rampart or Fairbanks. At the time this railway was undertaken very little was known of that northern country, and it was considered practically impossible to construct a railway and keep it in continuous operation after construction.

The road, however, was put through and has been in successful operation ever since. It handles passengers and mail throughout the entire year in spite of the accumulation of snow on the coast range. The greater portion of the freight business of the road is carried on during four months in the year, that practically constituting the season of the open-river navigation on the Yukon. After the closing of the river the mail, express, and passengers going in and out of the country constitute the road's principal business. I mention that as in contrast to what would be accomplished by a road beginning at some point in southeastern Alaska. I will take Cordova Bay, as that is the beginning of our proposed railway system. Starting from any other point we would have many natural difficulties to overcome, partly as to the accumulation of ice and snow on the coast range. By avoiding the summits of the coast range on this Cordova Bay and Copper River route we would be enabled to maintain a road for heavy traffic at very much less expense than if we had to construct snowsheds and keep a large force of engines and snowplows during six or seven months of the year. Our proposed line starts at the most favorable harbor northwest of Lynn Canal for hundreds of miles. We pass near the mouth of the Copper River and ascend that stream for several hundred miles. There has been an objection raised in the minds of some of the people to the Copper River route on the ground that two immense glaciers face each other, and that it would be impossible to build a road in front of or between these glaciers. Later investigations have proved that there is a distance of over 2 miles between the Childs glacier on the lower or left side of the river as you proceed up and the Miles glacier on the right. The peculiar bends in the river form favorable sites for bridge crossings. After bridging the river near Miles glacier the construction of the railway

is comparatively simple, as it proceeds up the river on the westerly side, which offers several advantages in the way of lighter slopes and less cut banks than on the east side.

The CHAIRMAN. What is the total length of the White Pass Railroad?

Mr. HAWKINS. About 112 miles between Skagway and White Horse.

The CHAIRMAN. And this projected road is over 500 miles long?

Mr. HAWKINS. Yes, sir; 510 miles.

The CHAIRMAN. Do you encounter more difficult engineering problems on the proposed road than you did on the White Pass road?

Mr. HAWKINS. Allow me to explain here what I intended to say before this—namely, that I have not personally examined this route. I intended to make that the beginning of my remarks here before this committee. After the completion of the White Pass Railway some of our contractors and engineers and later other friends of mine and prospectors have gone over this route and explained fully to me the conditions which exist.

The engineers and contractors I have mentioned, and other friends interested in and familiar with railway work, have gone over and explained in detail to me the conditions, and they agree that it offers very little difficulty in comparison, in engineering and construction difficulties, with what was encountered in the building and operation of the White Pass Railway. At that time, when that road was undertaken, we were told of many reasons why we could not build and operate a road over that country—statements to the effect that the snowslides or avalanches were so numerous over our proposed route that it never could be kept in operation from the time of the falling of snow, in September, until the 1st of June. We have, as I believe, no such difficulties. On this line up the Copper River we have no range of mountains to climb. It is the passing over the Coast Range of mountains that affords the greatest difficulties and expense in operation in that northern country. The warm and humid atmosphere produced by the "Japan currents" causes a precipitation when it passes over the colder air of the mountain. Consequently we get a tremendous accumulation of snow and ice, which, together with the high winds sweeping over the summit, causes considerable difficulty and expense. Our route up the Copper River is practically a "water-grade" route.

From notes of the engineer whom I am quoting in this instance, Mr. John Q. Jamison, of Portland, who is well known all over this country as a man of ability and experience and of great conservatism, it is explained that there will be nothing of this kind through the entire Copper River country. There are no grades to exceed 26 feet to the mile, or one-half of 1 per cent. with the exception of a few miles in passing over the benches at Wood Canyon. In that instance a grade of 30 or 40 feet to the mile in both directions would be required; and the alignment will be fairly good, as there would be no very sharp curvature. There are no extremely heavy side-hill cuttings as we had on the mountains along the White Pass summit, so that the average construction expense will be very much less than was the case in the White Pass road on the summit section, and the operating expenses would also be lighter. The Copper River for several miles

from Copper Center to the mouth, has an average fall of about 7.7 feet to the mile—possibly a little less.

Mr. KLEPPER. I understand that you were connected with the construction of the White Pass Railway.

Mr. HAWKINS. Yes; I was the chief engineer.

Mr. KLEPPER. I presume you know approximately what it cost a mile?

Mr. HAWKINS. Yes, sir.

Mr. KLEPPER. What was the cost per mile, approximately, of the White Pass Railway?

Mr. HAWKINS. I should say in the vicinity of \$50,000. Some of the construction of the White Pass Railway cost \$135,000 per mile for the grade alone, exclusive of track, equipment, and buildings. Afterwards the heavy engines and snowsheds and bridges had to be added to that cost.

Mr. KLEPPER. About what was the cost of the White Pass—that portion of the road that was projected, and over a route that was very much like this proposed line? You speak of the presence of grade here and the lay of the country as you have gotten it from another engineer.

Mr. HAWKINS. Possibly in the vicinity of \$35,000 a mile for that portion between Caribou Crossing and White Horse, which was the least expensive part. Our work was largely performed in the winter, and yet handled, we think, in a very economical manner and to as good advantage as the circumstances permitted. That was a narrow-gauge line. We put in 56-pound rails from Skagway to Lake Bennett, and 45-pound rails from Lake Bennett to White Horse.

Mr. HIGGINS. That is very light construction.

Mr. HAWKINS. Well, in other respects the road is well constructed. The freight cars are built for a capacity of 40,000 pounds. The road is easily capable of handling everything that is bought in the way of heavy machinery from the south, launches, and other large bulky freight.

Mr. CUSHMAN. The White Pass is a narrow-gauge road?

Mr. HAWKINS. Yes. It was built a narrow-gauge road at that time because it was believed that the grades and curvature over the Coast Range would be such as to make a standard-gauge road practically impossible on account of the expense.

Mr. HIGGINS. Is there any standard-gauge road in operation today in Alaska?

Mr. HAWKINS. Yes, sir. The Alaska Central is a standard-gauge road, and I think the road being built in the vicinity of Council City is also a standard-gauge road.

Mr. HIGGINS. And the rails weigh the same?

Mr. HAWKINS. Oh, no. With the standard-gauge we would require much heavier rails.

Mr. HIGGINS. What is the weight of rails on the standard gauge?

Mr. HAWKINS. Do you mean in the North?

Mr. HIGGINS. In operation in Alaska now.

Mr. HAWKINS. I could not say as to other roads—I think 60 or 70 pound rails, and possibly 75 pound; but, I think, nothing heavier than 70.

Mr. KLEPPER. Your judgment, then, would be from what you know of this enterprise; that it could be built for \$35,000 a mile?

Mr. HAWKINS. Oh, no.

Mr. KLEPPER. I understood you to say \$35,000.

Mr. HAWKINS. You asked me the cost of the narrow-gauge railway between Caribou Crossing and White Horse, which is the most inexpensive portion of that line for a narrow-gauge road, with, as I say, very light rails. That does not include the average cost of that road.

The CHAIRMAN. It is proposed to construct here a 65-pound road—a standard-gauge road.

Mr. HAWKINS. Yes, sir; in all respects.

The CHAIRMAN. And what kind of rails would you use—what weight?

Mr. HAWKINS. I should say 70-pound rails.

The CHAIRMAN. What do you estimate that road would cost per mile?

Mr. HAWKINS. If the road is constructed, as contemplated, over to the Yukon River, I should say \$40,000 per mile. That would be the average cost.

The CHAIRMAN. What is the most expensive part of the road?

Mr. HAWKINS. The most expensive portion is from Cordova Bay to the Copper River, up to and including Woods Canyon.

The CHAIRMAN. What do you estimate that will cost per mile?

Mr. HAWKINS. About \$60,000.

The CHAIRMAN. What do you estimate it will cost completed?

Mr. HAWKINS. That will be over \$60,000 a mile.

The CHAIRMAN. And would that \$60,000 a mile include the necessary bridges in crossing the Copper River?

Mr. HAWKINS. Yes; I think so. Possibly you would add a little more to that to make an average, but the portion of this route between Copper Center and the Yukon River is of a more simple construction and will cost much less per mile than the first 100 miles in the lower portion of the Copper River.

Mr. McKINNEY. Is not a 60-pound rail unusually light?

Mr. HAWKINS. Oh, no; the Northern Pacific Railway was operated for years and years on 56 and 60 pound rails. You will find 60-pound rails used on these roads up to within the last few years.

Mr. HIGGINS. You are not speaking, as I understand, from personal knowledge secured from any examination that you have made of the country or of surveys that you have made, but from what other gentlemen who have been through the country have told you?

Mr. HAWKINS. My estimate is based upon the survey and examination made during the past summer by Mr. Jamison and others.

Mr. LLOYD. Those parties were under your control?

Mr. HAWKINS. Not at the time of making the survey.

Mr. LLOYD. You are the chief engineer and they are employed under you. Did they make their report to you?

Mr. HAWKINS. They were made directly to the company. I have been connected with the enterprise for the last two months only.

Mr. HIGGINS. Is that report based on an actual survey?

Mr. HAWKINS. I presume only by the barometer and by close examination. I do not think an instrumental or general survey was made over that distance last year.

Mr. HIGGINS. If there has not been an actual survey, no details have been secured about the cost, I take it?

Mr. HAWKINS. Yes, sir.

Mr. HIGGINS. Even though there has been no actual survey?

Mr. HAWKINS. Yes, sir; the ground was very carefully examined by Mr. Jamison and his party, and he very carefully prepared an estimate of the construction expense. I have very thoroughly examined the estimates, using my own knowledge gained by years of experience in that country, as to the cost of labor and the cost per yard of doing frozen-earth work and of handling the moss and doing extra drainage and of handling the rock. I estimate that the ordinary earth work will cost double that of earth work in the western country, and the cost of the rock work would be 50 per cent higher. That is the basis of our estimate.

Mr. POWERS. Did these men who made the survey run a trial line to ascertain the grades?

Mr. HAWKINS. Yes, sir.

Mr. POWERS. But they did not make a running survey?

Mr. HAWKINS. No, sir; not a chained survey.

Mr. POWERS. Did they run lines to ascertain the grades and to ascertain how much rock would have to be taken out?

Mr. HAWKINS. Yes.

Mr. LLOYD. Any additional survey would be made for the purpose of making a permanent location, would it?

Mr. HAWKINS. Oh, yes; further location surveys are required.

Mr. LLOYD. But you would not make a permanent survey for the purpose of ascertaining the cost of the road? This survey was not made for the purpose of ascertaining the cost of such a road?

Mr. HAWKINS. It has been the case in all my examinations to make thorough investigations as to cost and practicability before the final location surveys are made.

Mr. HIGGINS. I do not think you stated what the cost would be.

Mr. HAWKINS. Forty thousand dollars per mile from the head of Cordova Bay to the Yukon River.

Mr. KLEPPER. You spoke of this engineer who made this survey being connected with the company. Do you mean the same company with which you are connected?

Mr. HAWKINS. Mr. Jamison made this survey officially for this company. He was employed by this company.

Mr. KLEPPER. What relation, if any, does this company bear to the company that built the White Pass Railroad?

Mr. HAWKINS. It has no relation whatever with the White Pass Company. It is a different institution entirely.

Mr. MCKINNEY. You would not claim that you could make an estimate as to the cost of building a railroad without a definite defining line having been established. It would just have to be based on a general condition that might not obtain when you came to make an investigation.

Mr. HAWKINS. We know the conditions pretty well, and this line is located along one side of the river, where we know the actual position of a line through the country. Over a certain space of ground an engineer can determine with very reasonable accuracy the cost of the line. Where you may diverge materially for several hundred feet and encounter different cutting and classification, sometimes the line is made to differ very materially from that of the preliminary estimate.

Mr. McKINNEY. Are you taking levels all through as to the cuttings and fills that you would have to make?

Mr. HAWKINS. These were estimated by Mr. Jamison in making his investigations.

The CHAIRMAN. What aid, if any, does the Canadian government extend to railroad companies; and what, if any, aid did it extend to the White Pass Railway?

Mr. HAWKINS. The Canadian government's policy is that of aiding new roads. That is being shown pretty thoroughly in the very substantial aid it is giving to the Grand Trunk Pacific Railroad and to other roads in the Northwest.

The CHAIRMAN. What aid is it giving the Grand Trunk Pacific? Please be as specific as you can.

Mr. HAWKINS. It is constructing for the Grand Trunk Pacific 1,900 miles of its most expensive portion through the Lake Superior wilderness.

The CHAIRMAN. Was there any aid extended to the White Pass Railroad?

Mr. HAWKINS. No, sir. A land grant for the portion of the line through British Columbia was provided for in the company's charter. The land adjacent to the road was the rocky slopes and summits of the coast range from White Pass to a point on Lake Bennett. It was not taken advantage of. There was no possibility of making any use of it.

The CHAIRMAN. Then there has been no government aid extended to the White Pass road?

Mr. HAWKINS. There has been no aid extended to the White Pass road, but it was built at a time when the attention of the whole world was attracted to that country, and it was known as the key to the situation of both the upper and lower Yukon country. Almost everything in the transportation line was attempted at that time, during the early excitement. That road could not have been put through there or money raised for it at a later date. I have had some experience in that matter myself. The Grand Trunk Pacific is not only being aided by the Canadian government by actual construction of its difficult portion, but the government is guaranteeing its bonds—3½ per cent, I think—for a large part of its cost through the most profitable part of its line from Winnipeg through the wheat fields. That would not have been undertaken had it not been for government aid.

The CHAIRMAN. What is the name of the corporation which is running that White Pass road?

Mr. HAWKINS. It is known in England as the White Pass and Yukon Railway Company. In name it is three separate organizations. It is known as the Pacific and Arctic Railway Company in Alaska, British Columbia Yukon Railway Company through British Columbia, and the British Yukon Railway Company in the Dominion of Canada proper, or in the Yukon district. The holding company is the White Pass and Yukon Railroad.

Mr. McKINNEY. Does the Canadian government extend aid to the roads that are being laid out on the Canadian side?

Mr. HAWKINS. Yes; I am familiar with that, because I am interested in the road which is being built southward from Dawson 84 miles to the Stewart River to develop the Klondike mining fields,

and we receive a cash subsidy of \$6,400 per mile, to be paid in 10-mile sections as completed. But, even with this aid, it was very difficult and expensive to place the bonds, and finally, in order to secure the necessary funds for construction, these bonds were placed at the disposal of the finance people, who took with them 68 per cent of the stock, and the cash subsidy was to be deposited as a guaranty of the interest during construction.

Mr. McKINNEY. The proposition of giving aid to the Grand Trunk Pacific Railroad would hardly afford a parallel for the assistance given to the roads in Yukon British Columbia, I would think?

Mr. HAWKINS. It was considered that a road through the Klondike country, with its comparatively dense population, engaged in mining and the heavy traffic, and high rates, would enable the road to take care of itself. It was not considered a particularly national feature that it be aided by guaranty of bonds.

Mr. McKINNEY. Coming out from the Klondike region through that new transcontinental line it passes through a great agricultural country, and with the great possibility of revenues in the gold, it was not expected that it would be aided.

Mr. HAWKINS. That portion of the road through the new farming country of western Canada was considered an assured success, both in the payment of the interest on its bonds and in the payment of dividends.

Mr. McKINNEY. And you do not have the difficulty in following that line that you would in following the mountain.

Mr. HAWKINS. That is the cheapest portion of the route, through the prairies of western Canada. I would say, further, that it is the policy of the Canadian government to guarantee the interest on the bonds of a road that will make what they call an "all-Canadian" route to the Yukon. After our subsidy of \$6,400 per mile was secured for the Dawson-Stewart River Railway, we were assured that if we would extend this road southerly to connect with the Grand Trunk Pacific or with the Canadian Pacific the Canadian government would guarantee the interest on the construction to the extent of \$30,000 per mile, that being the proposed extension of the narrow-gauge system. The Canadian government extends federal aid to roads that are of national importance, and that aid is again usually increased by provincial aid. For instance, the Province of British Columbia will offer land grants of considerable value besides the guaranty of interest by the Dominion.

The CHAIRMAN. If there are no other gentlemen who desire to ask Mr. Hawkins any questions, there are two subcommittees which have matters to present.

Mr. LLOYD. Have you completed your statement, Mr. Hawkins?

Mr. HAWKINS. No, sir. There is a great deal further, I think, that could be said. For instance, the peculiar advantage of this railway to the Alaskan country, and which it affords—

Mr. LLOYD. Mr. Chairman, before the witness proceeds on that phase of the subject, suppose we transact the business that is necessary to be attended to on other matters.

The CHAIRMAN. Very well. If there is no objection, I will act on the suggestion of Mr. Lloyd?

Mr. HAWKINS. Mr. Chairman, I now wish to refer to something which more properly, perhaps, should have come in the first part of

my remarks. I wish to refer to the beginning of the enterprise, so to speak, which, of course, has an important bearing and is an important feature of the enterprise.

This railway, starting as it does from Cordova Bay, which is recognized generally as being a very fine harbor, reaches, by a branch of 57 miles of spur line and 10 miles of additional branches, to the coal fields of Catalla and Bering.

The CHAIRMAN. How extensive are those coal fields?

Mr. HAWKINS. Those fields are among the most extensive deposits of coal on the continent, or are supposed to be. They have been referred to in the Geological Survey report. The coal is of undoubted quality and extent. A portion of the veins are semianthracite in character and some of the veins on the lower portion are said to be fine coking coal. Several experiments have been made in coking, with satisfactory results.

The CHAIRMAN. What other coal fields are there around the Pacific?

Mr. HAWKINS. Well, the principal coal mines for exportation purposes are those of British Columbia on Vancouver Island.

The CHAIRMAN. Is there a coaling station in the vicinity of which you are speaking now?

Mr. HAWKINS. There is no coaling station in the vicinity. There is a small quantity of coal sometimes held by private individuals out here at Dutch harbor (referring to map).

The CHAIRMAN. What is that coal sold for per ton?

Mr. HAWKINS. That brings all the way from \$16 to \$100 a ton; it depends on the scarcity.

The CHAIRMAN. At what could the coal in this coal field you speak of be sold for if there were railroad facilities for getting it out?

Mr. HAWKINS. If this railroad was constructed, it is believed it could be sold as far west as Dutch Harbor or Kiska Island for \$6.50 or \$7 per ton. That matter of establishing a coaling station there on one of those islands is under consideration by the War Department, and I believe one purpose of the Government is to establish a coaling station that will have a capacity of about 100,000 tons. That coal is now imported from Wales. In Washington we have numerous and productive mines, but the quality is not suitable for use on men-of-war or vessels at sea—it is too light and is carried away by forced draft.

The CHAIRMAN. You say our men-of-war have to use coal from Wales?

Mr. HAWKINS. Yes; the Puget Sound Navy-Yard is supplied entirely by coal imported in foreign ships.

The CHAIRMAN. What does that coal cost, about?

Mr. HAWKINS. I should say probably from \$12 to \$15 a ton.

The CHAIRMAN. Now, can you state what this coal could be supplied for if it could be brought to the seaboard?

Mr. HAWKINS. From \$6.50 to \$7 a ton, and at a lesser rate than that at nearer points to the railroad.

The CHAIRMAN. How does this coal compare with this Wales coal you speak of?

Mr. HAWKINS. It compares very favorably with the Welch coal. Some of those veins, as I say, are semianthracite in character and some are coking coal. The hardest coal there is harder than the

British Columbia coal. The British Columbia coal is lower in fixed carbons than this coal on Bering or Catalla.

Mr. POWERS. As you begin with the coal fields in California and then go up into Washington and farther north the coal grows better, does it not?

Mr. HAWKINS. Yes; except in some portions of Alaska we have numerous deposits of lignite coal. That kind of coal is found on the Yukon. I have experimented with it there.

Mr. POWERS. The coal of British Columbia is better than the coal of Washington?

Mr. HAWKINS. Yes.

Mr. POWERS. But the coal of Washington is not used on board men-of-war, is it?

Mr. HAWKINS. No. I have experimented and found that the only coal we could afford to transport for long distances or to store for months was the British Columbia coal. The coal mines we propose to develop by the construction of this railway will make it possible to deliver Alaska coal to markets thousands of miles south and west.

Mr. POWERS. This is a better coal than the British Columbia coal?

Mr. HAWKINS. Yes, sir; so the analysis and reports by the Geological Survey and also by private chemists show. I have friends who own some of those coal mines near Catalla who have been experimenting for several years—I think since 1900—with the hope of finding or making a harbor. They have had several extensive plans under contemplation, and at the present time they have not been developed, because there was no good harbor adjoining the coal deposits. The nearest approach to a harbor is at Catalla, by extending a trestle out to a small island, the northerly of the Martin Islands. I have not personally examined it, but know of the conditions from the reports of several friends. I have a report here by Mr. Jamison, which I would like to make a part of my statement.

Again, as to the cost of construction of this railway, I have stated that it would be \$40,000 per mile, as estimated upon by Mr. Jamison and confirmed by myself, after going over his figures very carefully. I can indorse it with the greatest confidence. Should the Government guarantee the interest upon \$30,000 per mile, which is all that is asked for in the bill, that would be the interest on something over \$15,000,000. The cost to the company for that 509 miles would be \$20,300,000. In addition to this main line across the country, to develop all the resources of that peninsula from the middle Yukon, to the upper Tanana and the mines, and the coal, it is proposed to build branch lines as follows: First, to one I mentioned reaching the coal fields of Catala and Bering, 67 miles; one up the Chitina for 55 miles. This branch is to reach the extensive copper mines of the Chitina, and another shorter branch to reach the Kotsina mines. This last is 25 miles in length. These three branches make nearly 150 miles additional railway, at an expense of about \$5,000,000. The total investment by the company would then be \$25,000,000, of which only \$15,000,000 is asked to be secured or interest thereon guaranteed by the Government.

Mr. POWERS. Do you understand that by the terms of this bill the Government gets any lien upon the branches? It only has a lien upon the main lines.

Mr. HAWKINS. Yes; I understand that the bill provides that the lien, but not the guaranty, applies to the branches and all other property.

Mr. POWERS. I understand it only has a lien upon the main line.

Mr. McLEAN. If you will permit, the provision is that the Government shall have a lien on all the railroad taken up by the bill or any extension of the same.

Mr. POWERS. Not a first lien. I looked it over and I came to the conclusion, although perhaps wrongfully, that all the branches could be bonded by themselves and that they would be by themselves. How long are those bonds to run—are they to run twenty-five years?

Mr. HIGGINS. I think thirty years.

Mr. POWERS. And the rate of interest is 5 per cent?

Mr. HIGGINS. Four per cent; that is my recollection.

Mr. McKINNEY. I would like to ask you why no assistance is asked for these branch extensions; why should not that company under the general proposition you are asking the Government aid in making the bonds safe and satisfactory to the investing public so far as the main line is concerned, but you are contemplating building 125 miles—

Mr. HAWKINS. Nearly 150 miles.

Mr. McKINNEY (continuing). Of branches, and you ask no aid for that part of the undertaking?

Mr. HAWKINS. We feel that the tonnage which is assured on these branch lines—

Mr. McKINNEY. Now, don't you believe that if this investment is likely to prove satisfactory at all that the company undertaking to put it there is amply able to furnish the money for the entire construction?

Mr. HAWKINS. It should be so, and I presume it is to this extent—

Mr. McKINNEY. We understand that the corporators, as named the other day by Mr. Burleigh, are men of wealth and business standing, and that their aggregate responsibility is not less than \$100,000,000. Now, what is the matter that they do not want to take the risk?

Mr. POWERS. If you will pardon me, they think if they have the guaranty of the Government on these 4 per cent bonds they will sell at a premium, whereas if they put them on the market they would only sell at 85 or 90. I suppose there is the distinction. How much do you ask for guaranteeing?

Mr. HAWKINS. About \$15,000,000 for the main line.

Mr. POWERS. It is probably several million above what they could get for the bonds. I suppose that is the idea.

Mr. HAWKINS. It is extremely difficult to raise the first money for any extensive railroad enterprise. The first 200 miles of this line, which develops the local copper mines, seems to be self-supporting. That is a matter, you might say, of individual or corporate investment, but when it comes to the building of a road which is extended 300 miles or more beyond this field and develops Alaska as a continent, that is an enterprise which is of national importance and it is quite separated from the building of 250 miles of line to develop some particular mining locality in Alaska. These branch lines to the coal and the copper will be undoubtedly self-sustaining, and also

sustain to a very large extent the main line, but if you attempt to go to the public, I think, to any of you gentlemen, and ask any one of them for a million dollars or more to build a road in Alaska he will ask: "What is your population?" If you tell him you want to build a road in a territory which has only 35,000 to 50,000 people, he will say: "Well, we would rather build a railway where there is greater assurance of earning and where the population is sufficiently dense to make dividends and interest assured."

Mr. MCKINNEY. Of course that would be true, but these gentlemen are showing their faith by proposing to build 150 miles themselves without any help.

Mr. HAWKINS. That is in connection with the whole line being developed. It is not made a separate investment or considered by the company, so far as I know, separately. That is simply additional expense incurred by the company to guarantee the earnings of the road and the development of the country contiguous to the main line. If you attempt to place securities on the market on extensive enterprises in this northern country, you must have some guaranty and assurance, I firmly believe, by the National Government, and this road, which crosses the great peninsula of Alaska, and a portion of it through unproductive territory, is especially worthy of recognition and indorsement by the country at large.

Mr. HIGGINS. Can you make a comparison as to whether this section is more sparsely settled than the section of Alaska that now has railroads?

Mr. HAWKINS. The principal settlements in Alaska at the present time are at Nome and at Fairbanks. Then there are other towns in southeastern Alaska. For instance, Juneau and Skagway.

Mr. HIGGINS. Excuse me, but that does not answer my question. Can you make a comparison between the number of people in Alaska now that are served by railroads as compared to what you propose to serve by this road?

Mr. HAWKINS. Alaska is not served by railroads.

Mr. HIGGINS. There are some in operation, are there not?

Mr. HAWKINS. Yes; the White Pass road, and the 50 miles of the Alaska Central.

Mr. HIGGINS. Is that a more thickly settled territory than the territory through which this proposed road will go?

Mr. HAWKINS. Yes; the White Pass Railway serves a more densely populated territory—the Klondike region.

Mr. HIGGINS. How about the other one?

Mr. HAWKINS. The population in the vicinity of the Alaska Central is no greater; in fact, it is possibly less than the territory which this proposed railroad will cover.

Mr. HIGGINS. Did they receive Government aid?

Mr. HAWKINS. No; I think not.

Mr. HIGGINS. And they are operating how much road?

Mr. HAWKINS. I understand they have about 50 miles laid. That was the end of December.

Mr. HIGGINS. And they are operating that 50 miles?

Mr. HAWKINS. That I could not say; I think they are operating a portion of it.

Senator TURNER. I am a director and stockholder in the Alaska Central Railroad, and, since it was mentioned, I simply desire to say

to the committee that some time before the hearings are through I would like to be heard.

Mr. HIGGINS. Where do you reside, Mr. Turner?

Senator TURNER. I reside in Spokane, Wash.

The CHAIRMAN. Senator, do you desire to be heard on this particular proposition?

Senator TURNER. Yes; before the committee finishes its hearings.

Mr. HAWKINS. I would simply say, in conclusion, that in order to get an Alaska railroad that will serve that country from the open ocean on the south to the Yukon it will be necessary to secure some form of Government aid and indorsement, and we think the manner of aid proposed in this case is the least objectionable of any plan that can be suggested, and one in which the Government, when the aid is once given, would never be called upon in any way for payment of this interest.

Now, as to the description of the terminals, the time being limited, I wish to submit a description of Cordova Bay and the other proposed harbor, Catella. I would like to have it included in my remarks.

The CHAIRMAN. If there is no objection, that may be done.

Senator TURNER, do you desire to be heard?

Senator TURNER. I would like to wait until our friends of the other railroad have presented their case. We would like to tell you what kind of a railroad we have, and what we have along the line of our road. I would like, before Mr. Hawkins gets through, to ask him one or two questions, if there is no objection.

The CHAIRMAN. The Chair will state that it is against our rules for others than members of the committee to interrogate gentlemen who appear before this committee; but of course we can waive the rule, and if any light may be cast upon this question by inquiries, and Mr. Hawkins would be willing to submit to them, without objection, Senator Turner may proceed to submit such inquiries as he desires to Mr. Hawkins.

Mr. HAWKINS. I have no objection.

Senator TURNER. What forces have you had engaged in these surveys of your line of road?

Mr. HAWKINS. I have explained to the committee this morning—and possibly Mr. Turner was absent—that these surveys were conducted last summer under the direction of J. Q. Jamison, of Portland, and I have been quoting from his report in regard to the surveys and estimates.

Senator TURNER. What I desire to get at is what force Mr. Jamison had and how long he was engaged in making the surveys of this road.

Mr. HAWKINS. I think he was absent from Seattle from May until October, but I could get that information for you from other sources. I could not say myself.

Senator TURNER. Did he have more than one party in the fields making the surveys, or was he simply making them by himself?

Mr. HAWKINS. I think he only had his own party.

Senator TURNER. Just one party; and you say he made them from May until October?

Mr. HAWKINS. He made the examination of this portion of the line on the lower Copper River, from Copper Center to the mouth of the

Copper River, as described in his reports, down the river to Cordova Bay.

Senator TURNER. Do you think it would be possible for one party to make any kind of a survey, except the most casual reconnoissance, from Cordova Bay to the Yukon at Eagle City within one season?

Mr. HAWKINS. He did not make a survey from the mouth of the river to Yukon, but simply from the mouth of the river to Copper Center.

Senator TURNER. What distance is that?

Mr. HAWKINS. About 185 miles.

Senator TURNER. You know nothing about that country beyond that? You know nothing of the region extending to the Yukon, then?

Mr. HAWKINS. Yes; we do. I have not examined it, but, as I explained, we know about is from information furnished by friends of mine—railroad engineers and prospectors and contractors.

Senator TURNER. But there has been no survey, as I understand?

Mr. HAWKINS. I think not.

Senator TURNER. I ask these questions because the first year we were projecting the Alaska Central we had eight parties of men out and we surveyed 463 miles, and it took those eight parties one entire season; and we spent \$22,000 this year in addition on surveys on our line of road.

Mr. POWERS. That would depend on the difficulties, would it not?

Senator TURNER. I do not think anybody could make any kind of an estimate from a mere reconnoissance survey, and certainly no estimate upon what somebody says who goes over the country and has made no surveys at all.

Mr. HAWKINS. I beg your pardon. I think it is generally known both by reports and from the engineers that have gone over this work. There was a survey made for a wagon road between Valdez and Eagle City, which covers this same ground, and there are in existence the contour maps made by the Geological Survey, and they show the character of the country. It is considered—and, I think, not disputed—that the portion of the line from Copper Center over to the Yukon is comparatively flat and easy of construction, without heavy bridging or extensive rock work, while the portion that contained some element of doubt is in the lower Copper River, from the mouth of the river to Copper Center, which portion we have gone over.

Senator TURNER. I beg the pardon of the committee for breaking any of its rules. I did not know the rule of the committee in regard to questioning gentlemen who appeared before the committee.

The CHAIRMAN. Gentlemen, you who are here in relation to this bill, speaking in favor of it, I will ask what further time will be desired?

Mr. McLEAN. Mr. Chairman, I think two days will wind up our history of the case. We have not very much more to introduce that would be new to the committee, but it has been dragging along and it is more in the nature of summing up, getting the salient features before the committee in concise form, that it is more than anything else we desire. I might say in reply to what Senator Turner has said in reference to the shortness of the time in which this reconnoissance was made that we might be able to shorten the hearing by

filing the report of Mr. Jamison. We believe we have had a very careful reconnoissance made of this route and feel perfectly satisfied that every feature has been gone over and properly taken up from an engineering standpoint, and we would therefore, in order to shorten this matter, simply ask that we extend Mr. Hawkins's remarks by filing a report made by Mr. Jamison.

The CHAIRMAN. If there is no objection, it will be so ordered. Then would you be able to finish, say, to-morrow, if we will meet to-morrow?

Mr. McLEAN. I think probably one day would conclude our remarks.

Mr. POWERS. Do you prefer to-morrow or later on?

Mr. McLEAN. Mr. Chairman, Mr. Burleigh is away at this time. He may have something to suggest, but I think not. I would like to have this matter remain open until to-morrow morning.

Mr. POWERS. Suppose we should continue this hearing on next Tuesday? We have assigned Monday for a different hearing, and so if we continue this hearing next Tuesday we would give you an opportunity to consider what further you desire to present, and you gentlemen may come on Tuesday. Would that be satisfactory to you?

Mr. McLEAN. Yes; that would be perfectly satisfactory.

The CHAIRMAN. How much time, Senator Turner, if you can speak for the gentlemen opposed to this proposition, will the other side desire?

Senator TURNER. I can only speak for the Alaska Central Railroad interests. I do not know that we are going to present anything in opposition to this proposition, but we wish the committee to know about the Alaska Central Railroad—what we are doing, and the country we go through, and so on, before they pass this bill.

The CHAIRMAN. Would the interests of the Alaska Central Railroad be antagonistic to this bill?

Senator TURNER. I am very frank to say, Mr. Chairman, that I have just got here, and I do not know exactly where we are at, and I would like to have it go over until Tuesday, in order to be able to say just what position we are in.

The CHAIRMAN. Very well.

Senator TURNER. We think the situation of the Alaska Central and what it is doing and what it has done will throw a great deal of light on the merits of this proposition, and that is the reason we desire to present some facts in connection with our road.

The CHAIRMAN. What we need is light.

(Thereupon, at 12 o'clock, the committee adjourned.)

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Tuesday, February 6, 1906.

The CHAIRMAN. Gentlemen of the committee, we have before us the further consideration of House bill No. 4471, "To aid in the construction of a railroad and telegraph and telephone line in the district of Alaska." This is a continuance of the hearings on that bill. Will the gentlemen who are advocating this measure select some one to address the committee?

Mr. POWERS. Mr. Burleigh wishes to continue this morning, if agreeable to the committee.

The CHAIRMAN. Mr. Burleigh will continue.

STATEMENT OF MR. ANDREW F. BURLEIGH.

Mr. BURLEIGH. Mr. Chairman and gentlemen of the committee, since I was last before this committee on this bill we have had several hearings before the Senate Committee on Territories in relation to the same subject. There have been other interests represented there, notably the Alaska Central Railroad by my friend Senator Turner, of Washington, and the representation has been very strongly urged there that the Alaska Central Railroad Company has already invested two and one-half millions of dollars in the construction or partial construction of a railroad from the town of Seward, on Resurrection Bay, toward the Tanana River, in the vicinity of Fairbanks; that perhaps 50 miles of this line has been completed at that cost; that contracts are made for perhaps 30 miles more, and that material and rails are on the ground for an extension of 50 miles farther.

Now, it was stated there, and very forcibly, by Senator Turner, that if the Government extended the aid which we ask for in this bill by a guaranty of the construction bonds it would probably destroy the ability of the Alaska Central Railroad Company further to continue to finance its enterprise. It was, however, I believe, practically conceded that the Alaska Central road and the proposed railroad which I represent would be in different sections of the country and so far apart as not materially, in a physical or business way, to interfere with each other. In view of the statement which was made, I told the Senate committee that I would waive the provision of this bill by which the United States guarantees these bonds. There is no man named in this bill who has any desire or who would voluntarily spend any money to destroy anybody's else investment in the Territory of Alaska. That country needs all the capital it can get. It is capable of supporting more than one railroad, and we do not want to put ourselves in a position where we are going to do anybody else an injury. So, at the suggestion of the Senate committee, I prepared a modification of the bill, and that modified bill the chairman of this committee (Mr. Hamilton) very kindly had printed yesterday for the benefit of the committee this morning. There are, however, one or two errors in it. I have a copy of the bill in my hand, and with your permission I will call attention to the changes in it.

Mr. LLOYD. Do you mean the changes from the original bill or the changes in the one you have in your hand?

Mr. BURLEIGH. I mean the changes from the original bill, and I will also call attention to the errors in the one I have here. In the first place, it was suggested by the Senate committee that we ought to be limited at our northern terminus to Eagle, and that unless we were practically limited to the town of Eagle we might build somewhere else and start a rival town. To meet that objection, on page 2, in line 9, it was provided that the northern terminus of our road should be at a point on the Yukon River at or within 2 miles of Eagle. Our object in going outside of the town site of Eagle is that Eagle is a small town, containing, I think, about 80 acres of ground. We would either have to interfere with the residents or would have to

pay an extravagant price for terminals—something of that kind—so that the committee considered that if we got within 2 miles of Eagle we would be practically building to Eagle, and so I agreed to the change in the bill.

On page 8, line 11, the words "either directly or otherwise, as provided by law," were incorporated in the bill. That gives Congress the right to regulate charges for freight, passengers, and wharfage, either directly or otherwise—that is, by the commission which you are going to establish this winter to regulate railroad rates. That amendment was to meet that contingency.

In line 1, page 10, the limit of time in which we are to construct the railroad if we received the aid from the Government was five years; but in view of the fact that the guaranty is withdrawn from this bill and we have got to finance the road on our own responsibility the limit of time was extended from five to eight years.

Section 9, which was the section containing the guaranty, has been eliminated, so that under this bill now the United States Government becomes in no wise responsible for any debts that this railroad company may contract in its construction, either direct or indirect.

In section 10, which appears on page 11, it seemed to be the sentiment that in view of the fact that the Government was not to give any guaranty of the bonds—no financial aid—that we should acquire the terminal lands from the Government without paying \$2.50 an acre, which is the ruling price in Alaska for such lands. If we build our railroad there and buy those lands we will pay the Government \$6,400. If we did not build the railroad there the Government would not get anything for the land, and we could use that \$6,400 to better advantage in the development of the country.

MR. MOON. What do you want of these 2,560 acres of the public lands?

MR. BURLEIGH. For town-site purposes. We want to build a town there. There is a considerable part of the land that will have to be drained and filled to make it suitable for town-site purposes. We can not build a town on a town site where the title is not settled, and, besides that, if the land was taken under private ownership it would be impossible to erect the improvements on it to make it suitable for the purpose of terminals and town site.

MR. MOON. How much land would you need for terminal facilities?

MR. BURLEIGH. We need 160 acres for railroad purposes purely.

MR. MOON. At one place?

MR. BURLEIGH. Yes, sir; for yards and shops.

MR. MOON. That is immensely more than any other railroad company uses.

MR. BURLEIGH. I do not think so. It would not occur to me so.

MR. MOON. One hundred and sixty acres of land for one road?

MR. BURLEIGH. At the terminus of the road, and especially a terminus of a road that is six or seven hundred miles long. I should not think that was extravagant at all.

MR. MOON. It may be that there is so much land there that it does not amount to much, but it seems to me that it is a large amount of land.

MR. BURLEIGH. I think that this railroad must have a very complete plant. We have got to have shops, so that we can build cars or engines. If a car or engine breaks down, we can not send it to the

shops in the States, 1,250 miles away by sea. We have got to have a very complete plant there.

Mr. MOON. You need about 160 acres, then?

Mr. BURLEIGH. Yes, sir. That is what we need for the railroad terminus.

Mr. MOON. On the balance you want to build a town?

Mr. BURLEIGH. Yes, sir; we do. It has been suggested that if this land were given to us we would have practically a monopoly of the water front. That would be true, but, to obviate that objection, an amendment was incorporated in the bill to the effect that—

at any time the city or town, within which the lands granted by this section [that is, the water front] may be included, may acquire for public use, trade, commerce, or business the whole or any part of the water-front improvements upon said lands made by said Alaska Railroad Company by paying to said company the actual cost of said improvements, with interest thereon at the rate of four per centum per annum.

Mr. CUSHMAN. Where is that provision in the bill?

Mr. BURLEIGH. It is on page 12, line 11; and I may say that in this new print there was an error made. There should be a period after the word "same," in line 11, and a new sentence should begin; so that it would read:

At any time the city or town, within which the lands granted by this section may be included, may acquire for public use, trade, commerce, or business the whole or any part of the water-front improvements upon said lands made by said Alaska Railroad Company, by paying to said company the actual cost of said improvements, with interest thereon at the rate of four per centum per annum. If the parties can not agree as to such cost, the same may be ascertained as in case of condemnation of lands for public use.

The bill was further amended by incorporating this provision, which was done at my own suggestion because it has been a part of our purpose, and that is that there should be reservations made in this town site when it is platted for public buildings, schools, and parks, our idea being that perhaps some day this town may be of some consequence, and possibly the capital of Alaska.

Mr. POWERS. Are those reservations to be made the property of the town?

Mr. BURLEIGH. Oh, yes; certainly.

Mr. WEBB. What section of the bill is this?

Mr. BURLEIGH. That is page 12, section 10. Section 11 is a new section which has been added. In the operation of this railroad we require fuel. And so I incorporated a section in the bill by which the Government of the United States grants to us one section, or 640 acres, of coal lands, to be selected by the company. I may state here that my understanding is that practically all the coal lands in the Controller Bay district are located and held by prospectors who have gone upon it and discovered coal and made locations; and the provision, therefore, is that we may enter one section of it, provided we shall procure and file in the local land office, when such entry is made, an assignment or relinquishment by the claimant or occupant. Consequently this amounts to the Government giving us lands for which, if sold, it would receive \$6,400. These amendments, consequently, put the Government in the attitude of aiding this proposed railroad from the North Pacific Ocean to the Yukon River to the extent of \$12,800 in lands. That is the amount of aid which we get from the Government aside from the charter or franchise, and the right of

way and terminal lands; and that is what it might be said it would cost the Government if you reduce it to a cash basis, namely, \$12,800.

Gentlemen of the committee, that covers, I believe, the amendments which were suggested at the Senate end of the Capitol and which I incorporated in the bill, and there you have it.

Mr. POWERS. Do I understand the gentleman to say that by filing this bill you leave it to the committee to decide?

Mr. BURLEIGH. We leave it to the committee. We think that the Government should aid in the construction of this railroad, but we leave it to your judgment. I do not think we ought to be put in the attitude of fighting for this thing. If Congress wants the railroad built we have a good proposition.

Mr. POWERS. And you will be satisfied. You do not expect anything more than the tentative bill you have just filed?

Mr. BURLEIGH. If in your judgment you think that this is what we ought to have, we will accept it.

Mr. POWERS. I think there is more chance of your getting a tentative bill passed than there was of getting the other one through.

Mr. BURLEIGH. That is a matter that we will leave to the wisdom of the committee. I want to make one suggestion, as I suppose the question of general aid will proceed independently, and if the committee takes any action on that matter we will, therefore, get the benefit of it. I want to make this suggestion, that we would like to have whatever action is to be taken upon this bill of ours in its present form taken as early as possible, for the reason that we have financial arrangements to make, and we would like to accomplish something the coming summer. If we get the bill through reasonably early in the session I think we could do something this year.

Mr. MOON (addressing Senator Turner, of Washington). Senator, you say there is a bill for general aid which has been introduced by Mr. Lovering, of Massachusetts. Would the provisions of that bill cover your wants, Mr. Burleigh?

Mr. BURLEIGH. I have not examined the bill. I can not say.

Senator TURNER. I think it could be made, with slight amendment, a perfect bill to accomplish what the President has suggested in his message.

Mr. POWERS. I understand that you wish to be heard upon this bill of Mr. Lovering's, and also that you wish to be heard about the Alaska Central Railroad; but that the matters upon which you wish to be heard, instead of being in opposition to this other proposition, will, rather, be an aid to it, as well as to all the railroads in Alaska.

Senator TURNER. I think that Mr. Burleigh is in error in supposing that we are opposing this bill.

Mr. BURLEIGH. I am glad to know that the Senator did not mean to oppose it, but his attitude had a very serious effect in that direction.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Tuesday, February 13, 1906.

The committee was called to order at 10.35 a. m.

The CHAIRMAN. Gentlemen of the committee, this day was fixed for further hearing on Alaskan railroads, and the bills particularly under consideration are House bill No. 100, introduced by Mr. Lovering, and House bill No. 4471, introduced by Mr. Cushman. Are there any other bills relating to railroads in Alaska? I take these from the committee calendar.

Mr. LLOYD. Is No. 4471 the one that was referred to this committee?

The CHAIRMAN. I am not informed as to that, but I think that it is the one that was discussed the other day. The general subject of Alaskan railroads will be taken up.

Mr. LLOYD. I think that Mr. Lovering wants to discuss only his own bill.

The CHAIRMAN. Mr. Lovering will proceed.

STATEMENT OF HON. WILLIAM C. LOVERING, M. C.

Mr. LOVERING. Mr. Chairman and gentlemen, I am here representing House bill No. 100, "To encourage and to temporarily assist the construction, equipment, operation, and maintenance of railroads in the district of Alaska, and for other purposes." It is hardly necessary for me to say to this committee that the great need of Alaska to-day consists in the assisting of railroads for the development of the country and the exploitation of its resources. There is probably no part of the territory of the United States in which the Government has so much interest—so large a percentage of interest—as in Alaska, holding, as I am told, 98 per cent of all the land; and the United States would probably be more directly benefited by its development than individuals could possibly be. It is also true that there is no part of this country which would render so good a return and so large a recompense for the little assistance as would Alaska. This bill is not a special bill. It calls for general legislation to aid all railroads, and its provisions are such as to require that actual cash shall have been expended within the Territory to an amount of not less than \$500,000 by the railroad company seeking aid. It has been found necessary to change the bill somewhat and amend it. I have, therefore, had copies of the amendments prepared, which I will distribute to the members of the committee, and I will then call upon certain gentlemen here to explain the bill as amended.

The CHAIRMAN. I assume, Mr. Lovering, that you will want to introduce another bill.

Mr. LOVERING. Yes. I have only distributed these copies for the convenience of the members of the committee at this hearing. I will, of course, introduce another bill, which will include the amendments which have been prepared. Before I say anything more I will ask Mr. Duval, who represents one of the railroads in Alaska, to discuss some of the features of the bill.

STATEMENT OF MR. W. H. DUVAL, OF NEW YORK CITY.

Mr. DUVAL. Mr. Chairman and gentlemen of the committee, I have had the pleasure of appearing before this committee twice previously in regard to Alaskan legislation. The bills which were introduced to correct certain evils of our laws relating to Alaska were given careful attention, passed both Houses of Congress, and became laws. I now appear here for the third time, and, as things go in threes, I hope we will be able to do equally well with this most important bill.

There have been a number of bills introduced to assist railroads in Alaska by subsidy or other specific help. Generally they have referred to roads not really started. My appearance before this committee in the past has been strictly upon the basis of what we have done with our own money. We have taken the first plunge, and I propose now to ask Congress to give the assistance that is absolutely necessary to get the results the situation demands.

The CHAIRMAN. What railroad are you associated with?

Mr. DUVAL. The Council City and Solomon River Road. It starts from Bering Sea near Nome and extends into the interior of the Seward Peninsula. Our interests are in the Seward Peninsula. This is more generally known as the Nome district.

The general proposition in this bill as amended is to do for Alaska what the Congress of the United States has already done for the Philippine Islands. It would seem that if Congress could help the Philippine Islands, which have been lately acquired and have water transportation around their entire circle, that it could do at least as much for the enormous area of Alaska, of which the United States Government owns in fee 98 per cent, and a large part of which is absolutely isolated the greater part of the year.

The CHAIRMAN. The Philippine aid was practically permission to the Philippine government to aid itself, was it not?

Mr. DUVAL. I do not think that Speyer & Co. would have given 97 or 98 per cent for the bonds if they had not been pretty sure that the United States Government was behind the proposition. It was done through the Secretary of the Interior, and we know that the United States Government is pretty squarely back of the guaranty. The strongest statement that I have ever read in relation to Alaska was from a gentleman present here this morning, whom I had never met until I became acquainted with him in this committee room. I refer to Major Richardson. He knew what he was talking about, and in his report to the Secretary of War, which Senator Beveridge presented to Congress, he handled the subject of Alaskan railroads more clearly than I think it is possible for me to do. In this report, if I may be permitted to quote from it, which first contains letters from the Secretary of War to Senator Beveridge, chairman of the Committee on Territories of the United States Senate, and then a memorandum of Major Richardson to the Secretary of War, it is stated:

This question of transportation is universally conceded to be the most important one connected with the development of Alaska. The following quotation is made from the report of the subcommittee of Committee on Territories of the Senate, Fifty-eighth Congress, second session, Senate Report No. 282, dated January 12, 1904:

"The condition of Alaska in her vastness is best described by the fact that outside the few and scattered settlements called towns, which are found in dif-

ferent parts of Alaska proper and most of which are but the centers of mining interests, there is not to be found a single public wagon road over which vehicles can be drawn summer or winter. The only approach to one is the military trail extending from Valdez, on the Pacific, to Eagle, on the Yukon, constructed by the War Department in 1899-1900. This, however, is only fit for saddle and pack animals. Transportation during the summer is conducted almost wholly on the waterways and on pack horses and during the long winter months by the use of dog teams upon trails broken out in the snow or ice for that purpose.

"The development of Alaska depends more upon the improvement of transportation facilities than upon any other one instrumentality. It must be borne in mind that substantially everything consumed by the people and everything required to carry on business must be brought in from the outside. A glance at the map will clearly indicate the immense distances which have been traversed.

"Nome, although situated 2,550 miles from Seattle and 2,890 miles from San Francisco, receives her supplies at fairly reasonable prices, owing to the fact that regular lines of steamships are plying between the points indicated and in competition with each other.

"It is also true that all places in southeastern Alaska are well served by different lines of boats running between Seattle and Skagway, a distance of 1,000 miles, as stops are made at intermediate points.

"The situation upon the Yukon and upon her great tributaries is, however, entirely different and one fraught with great hardship to the people. All goods intended for use in the entire Yukon Basin, if brought over American routes, must be taken in ocean-going vessels to St. Michael, a distance of 2,550 miles from Seattle and 2,780 from San Francisco, and there be transferred to river boats and transported against the current of the stream to the various points along the river. From St. Michael to Rampart it is 950 miles; to Circle, 1,310 miles; to Eagle, 1,500 miles."

* * * * *

"When it is considered that supplies of every description must be brought in from the outside during the three or four months of open navigation and stored for future use, it can be easily understood why, with freight, interest, and insurance added to the original cost of the goods, prices should be exceedingly high. When to these prices is added the additional cost of packing goods from river points to the interior, where mining operations are going on, or having them transported during the winter months through the use of dog teams, no one will be surprised at the slow development of that great area lying south of the Yukon and west of the international boundary line."

* * * * *

"The committee are strongly of the opinion that a great obligation rests upon the Government of the United States to adopt a system of wagon roads for the relief of miners in the American territory."

The situation is practically unchanged since the publication of the above report, but there is added the further argument of a new mining district of vast extent, then just discovered but now rapidly developing, in the middle Tanana Valley, with center at Fairbanks, and which yielded, under the existing adverse conditions, more than \$6,000,000 of gold last year.

Major Richardson, who has made a study of this subject, makes the following statement, which is not for the assistance of any particular bill or any one company:

It is my belief, after a service in Alaska of several years with short interruptions and serving in nearly all the sections where developments have taken place, that the time has arrived when if any aid is to be extended by the Government in the way of railroad construction in the district it should be done now. The subject resolves itself into three propositions:

1. Is there evidence at hand in the developments which have taken place in the interior of Alaska during recent years and in the present outlook to justify the belief that its mineral deposits are of an extent and value to give employment for an indefinite time and yield adequate returns, and are the conditions with respect to climate and soil such as to insure a permanent white population?

If the conclusion as to the above proposition be in the affirmative, then

2. Are the difficulties and expense of transportation attendant upon the development of the resources of this interior country sufficiently great to justify the Government in giving support to railroad construction? If so,

3. Where should such aid be given to best serve the whole district?

In regard to the first proposition, there is believed to be abundant evidence to justify an affirmative conclusion, found both in the statistical tables and written reports issued by the Treasury Department, Department of Commerce and Labor, and by other bureaus of the Government service, and also in the testimony of conservative mining and business men who are investing money in Alaska, and of officials of the public service who have given attention to the recent developments of that country. I will not burden this paper with detailed statistics that are accessible in public documents, but the statement is here made that the gold production of the interior of Alaska and of the Seward Peninsula has increased, under very adverse conditions, from less than \$700,000 in 1898 to more than \$12,000,000 in 1905, with a total during that time of approximately \$45,000,000.

So far only the sections readily accessible from the coast and river ports could be worked to any considerable extent, but every year has witnessed new discoveries and added to the area of known gold-bearing gravel, both in the interior proper and on Seward Peninsula.

The CHAIRMAN. I think it would be well for the Chair to state that this memorandum of Major Richardson's has been printed in hearings before this committee. Major Richardson appeared before the committee, and his memorandum addressed to the Secretary of War, together with the letters from the Secretary, transmitting the same to the Committee on Territories, was made a part of his remarks.

Mr. DUVAL. I thank you for this information, Mr. Chairman. I do not want to take up any more of the time of the committee than is necessary.

This bill, as amended, proposes to give the President of the United States and the Secretary of War power to assist in the construction of such railroads as they shall deem necessary and desirable for the development of Alaska. It does not directly appropriate anything, but it gives this assistance in the form of a guaranty of interest on first-mortgage bonds at the rate of 4 per cent per annum for a term of thirty years, and it limits the total amount of guaranty to \$1,200,000 per annum—the same amount for the 600,000 square miles of Alaska as was granted the Philippine Islands. Of course the natural query is, "Why don't private capital build railroads in Alaska?" There has been sufficient experience thus far to answer that question consistently. A group of prominent men, Messrs. D. O. Mills, John Englis, E. A. Olds, and others associated in a close corporation, began the construction of the first standard-gauge railroad in Alaska. They have actually invested, up to the present time, \$1,000,000 in this, the Solomon River road. We have 18½ miles of this road finished and in actual operation, carrying Government mail, etc., and have reduced the freight rate into the interior as far as we go, to about one-fourth of what it was formerly. We have funds enough to go on for a few miles more, but we can not sell our securities in the open market, and this group of men who have put up something over a million dollars are tired of tying up their money and refuse to supply more.

The other road in Alaska which has made material progress in construction is the Alaska Central, which is represented here. It starts away down in the southern part, as compared with our road.

Mr. REYNOLDS. Will you state who compose this first company.

Mr. DUVAL. Mr. D. O. Mills; Mr. John Englis, of the Citizens' Steamship Company; Mr. E. Dwight Church, of the Church &

Dwight Co., of New York City, and Mr. E. A. Olds, the owner of the Packer's Tar Soap Company, and others.

The Alaskan Central people, who are here to speak for themselves, have finished, I believe, 50 miles of their road. They can work the whole year round.

The CHAIRMAN. The Alaskan Central Railroad?

Mr. DUVAL. Yes, sir. I believe they have some 50 miles more under construction. But we are at a point where we must have Government assistance in order to float our securities, and I believe that there are other roads that would open up other parts of Alaska, which are in the same position. We do not come to you with a proposition on paper, asking you to give the wherewithal to finance an imaginary scheme. We come to you after we have invested our own million dollars, and this bill simply asks you to help us by giving the President of the United States the power to assist us, or anyone else who is entitled to it, for the development of Alaska.

It is perhaps a homely simile—but if you would simply take a business man's view of it—if we owned a farm and had a quarry on it, and the quarry was proven to have good building stone, and by carrying this stone out to a near-by town we could sell a little of it, and did sell a little of it, and a group of business men should come along and propose to give us railroad connections to take that stone out into the open market if we would assist them in constructing the road, would we not aid them? Alaska is turning out several times her cost value in gold alone every year, and if you would give her a ghost of a chance she would multiply that time and time again. This is a simple business proposition. I appreciate that this is an inopportune time to come before Congress to ask for help for railroads anywhere, because there is a little feeling that our own railroads here at home have not done very well, or possibly have done things that have been wrong. There is probably no one stronger on this question than is President Roosevelt, and yet in his message to Congress he advises and recommends that Congress shall assist railroad construction in Alaska. And this needs to be done, if you are going to make a productive country out of the Territory which you own. The Canadian government has helped its roads. It has subsidized the railroads and opened up valuable lands. The United States Government has done absolutely nothing in this direction for our portion of Alaska.

Now, if there are any questions that any of the gentlemen of the committee would like to ask me in regard to the situation in Alaska as relates to railroad construction, I will be very glad to answer them.

The CHAIRMAN. You are connected with the Council City road?

Mr. DUVAL. Yes, sir.

The CHAIRMAN. How many miles of this road have been constructed?

Mr. DUVAL. Eighteen and five-eighths miles.

The CHAIRMAN. The road has been on a paying basis so far?

Mr. DUVAL. No, sir; it has not.

The CHAIRMAN. There was some testimony given before this committee in the last Congress. Were you one of the gentlemen who made statements in relation to this road?

Mr. DUVAL. Yes, sir.

The CHAIRMAN. These statements to which I refer showed that the freight carried within a season was very large. Perhaps I am in error as to that. Will you state to the committee something in relation to the business of your road—how long it has been in operation and what has been done?

Mr. DUVAL. I think, Mr. Chairman, that you have confused our road with the Nome-Arctic road, which has a terminus at Nome, and which was built to reach Anvil Creek. Is that the road to which you refer? The actual construction of the Solomon River road was started three years ago. We have a working season there of only from three to four months, and we spent the first season in constructing our terminals and landing our material, building a machine shop, etc. This machine shop is not only of service to us, but also to the whole surrounding community. That first year we got about 4 miles of road completed. The next year we built about 9 miles. This year we made a contract to finish 13 miles more, with the understanding that if the labor situation there permitted them to finish that contract within a reasonable time they were to wire for an additional contract. We had a flood in June which washed away a portion of our 900-foot bridge over the Solomon River. We could not get to work on new construction until the latter part of July, and the best that we were able to do was 5½ miles for the season.

The CHAIRMAN. Congress gave you some relief.

Mr. DUVAL. Yes, sir. The laws of the United States would have forfeited our charter if Congress had not acted promptly.

The CHAIRMAN. Have you been doing a general carrying business?

Mr. DUVAL. Yes, sir. Our gross income the past season was about \$30,000. We carried the mails for the Government at a much less price than they had ever had it carried before and gave them a service they had never had before. We also transported freight and passengers.

The CHAIRMAN. What does the road cost a mile?

Mr. DUVAL. Our terminal investment was very large. Of course, that was preliminary work. The first few miles of our road cost from \$30,000 to \$32,000 per mile. It has gotten down now so that the last 5 or 6 miles have cost in the neighborhood of \$15,000 or \$16,000 a mile.

The CHAIRMAN. What is the nature of that country?

Mr. DUVAL. We have a low contour with a surface covered with moss that a horse or man can not travel on.

The CHAIRMAN. How do you dispose of that moss?

Mr. DUVAL. We clear it away, then we grade with gravel and make a roadbed. We drain the roadbed on either side with ditches. The work freezes the following winter and makes a good solid roadbed, but it is a hard one to build.

The CHAIRMAN. It makes a pretty permanent roadbed, does it not?

Mr. DUVAL. Yes, sir. Our experience has shown that it makes a very permanent roadbed.

There is one other point that I think will interest the committee, and that is that the only means of transportation in the Seward Peninsula to-day outside of the little railways are the beds of shallow streams. There is no navigable stream. The only way one can get to the interior is up the beds of these shallow streams. I saw 25

cents a pound per mile paid for the transportation of camp equipment.

The CHAIRMAN. What induced your corporation to go into the construction of this railroad?

Mr. DUVAL. A misconception of the time in which it could be built and the earnings which we would get from it.

The CHAIRMAN. Have you found that you were under a misconception as to what you could get out of it?

Mr. DUVAL. As far as large profits are concerned—yes, sir. The road has earned this year, we will say, \$3,000 per mile gross. We counted nothing for the transportation of construction material.

Mr. REYNOLDS. Has your company made a recent report as to its operations?

Mr. DUVAL. Not a printed report. It does not make it until March. Our particular company is a close corporation, and the lowest rate at which the construction stock was sold was 75 per cent.

Mr. REYNOLDS. When did you make your last report to the stockholders?

Mr. DUVAL. About a year ago—in March last, I think.

The CHAIRMAN. What do you estimate the carrying business of your road to be?

Mr. DUVAL. I personally believe, Mr. Chairman, that the year following its completion—

The CHAIRMAN. I mean the character of the people you serve.

Mr. DUVAL. Miners, sir. In the Seward Peninsula, which produced over \$6,000,000 of gold last year, there was only one quartz mine running, and that was on the line of our road. The only reason there is a quartz mine running there is that it could have a railroad running to it. We have a dredge on the Solomon River that cost \$150,000. I do not mean that we have the dredge ourselves. I mean that a mining company has it. They never would have ordered the dredge, as they could not have gotten it up there unless they had a railroad to transport it there. Back of Nome is the "Nome-Arctic" or "Wild Goose" road, as it is called. It is a little narrow-gauge tramway, with an engine geared on the axle. It was built to reach Anvil Creek. I can only speak of the Seward Peninsula. I am not familiar with the balance of Alaska. The Seward Peninsula produces nearly one-half of all the gold of Alaska. There is a country there that could produce \$25,000,000 of gold per annum if the Solomon River road could be finished and the "Nome-Arctic" road extended 30 or 40 miles to the Kougarok Valley.

We have tried to get additional private capital to build these roads, and if we could get a general bill through Congress and the President of the United States would designate our road as entitled to assistance, giving transportation from Bering Sea into or across the Seward Peninsula, I do not believe that we would ever have to take advantage of that guaranty. That is my private opinion. As soon as the Government is willing to do this private capital would not require the guaranty. From the standpoint of the financier, the guaranty by the Government, as in the Philippines, is not desirable. If the firm of Spier & Co. was going to finance those roads in the Philippines they would not have bid the stock in at 50 or 60. There is much more money for the banker without a guaranty, but you can not get a banker to touch Alaskan properties to-day. It is supposed that Mr.

John Rosene has financed his road through the Copper River country. If he has he does not want a Government guaranty. No banker wants to handle securities on a small commission if he can buy its bonds at 60 per cent of their par value and find any market for them.

The CHAIRMAN. Your company does not contemplate a suspension of operations under any circumstances, does it?

Mr. DUVAL. No, sir.

The CHAIRMAN. It went into the business of constructing this railroad upon what it deemed to be a prospect of profit in doing business in that locality?

Mr. DUVAL. Yes, sir; there was no philanthropy in it.

The CHAIRMAN. Conditions have not materially changed, have they, from the conditions that prevailed at the time your company undertook the construction of your road?

Mr. DUVAL. The conditions have not changed, but we found that the conditions were not what we thought they were. There had been no such railroad built there, but we understood that a road could be built there quickly. We proved it by sending up there \$500,000 worth of material the first season.

The CHAIRMAN. One more question: Suppose the President were given authority to aid all railroad construction in Alaska, is it your idea that the President, having such authority, would aid all railroads which might apply to him for assistance?

Mr. DUVAL. Absolutely not. And this is just the reason why we have drawn the bill as we have. We provide in the bill that no railroad company can come under its provisions until they have actually expended from their own money in the district of Alaska a sum of not less than half a million dollars; and that alone does not give them the right to come under the provisions of the bill. It lies with the President and Secretary of War—

The CHAIRMAN. It gives the President power to discriminate between corporations and to determine whether one corporation is good and necessary to the development of Alaska—

Mr. DUVAL. It gives the President the right to determine what roads would be good for Alaska.

No company, regardless of what merit it may have, can come to Congress for direct assistance and get it. You won't assist a private corporation by a private bill. But here Congress has a business proposition giving some one power to develop your own property by helping them, not by giving them money, but by simply lending them your credit.

A few minutes ago you asked the earnings of our road. My personal opinion is that our road will earn, beginning with the year after its completion at Council City, between \$2,000 and \$3,000 a mile. If we could absolutely prove that by a year's operations we would not need the Government or anyone else to assist us.

The CHAIRMAN. How long will it be before you are able to make these improvements?

Mr. DUVAL. If left to ourselves, I am afraid that it will be some time.

Mr. MOON. Might not your last calculation on that subject be like your first one?

Mr. DUVAL. Yes, sir; it might. But I think that I have some basis upon which to calculate, from the construction of 18 miles of road of

which we operated a large part last year. Of course you ask me questions concerning my own road. I can answer those, but this bill is not for our assistance only. We have a keen interest in the general development of Alaska. We own 700 miles of telephone wires in the Seward Peninsula, which we constructed under a similar idea of profit, but here we got it. If a United States Government vessel were wrecked in Bering Straits one year ago it would have taken weeks to have gotten word of the wreck to Nome. To-day they could know it in three minutes or one minute. Last year if a Government vessel, such as a revenue cutter, had been wrecked in the Arctic Ocean I do not know how long it would have been before word could have been sent to the outside world, but word could be gotten quite easily now. The result of the last election here in the United States was known back on the creeks by the miners on the same night that you knew it in Washington. We do not ask any assistance for these telephone lines.

Mr. MOON. That is on a paying basis.

Mr. DUVAL. Yes. It pays 6 per cent dividends per annum. If Congress will help the railroads of Alaska, letting the President or some one else designate which are needed most, but help in building a thousand miles of road, two or three years after they are built capital will rush to Alaska and show what Alaska is.

The CHAIRMAN. With Government aid alone as an asset, however, no corporation would seek to construct a railroad up there, would it?

Mr. DUVAL. I do not quite catch your question.

The CHAIRMAN. If you had nothing else than the proposition that the Government would help the railroad by guaranteeing the bonds, you would not undertake the construction of a road, would you?

Mr. DUVAL. Mr. Chairman, you have made the strongest point that you could make. If the Government is to guarantee the interest on bonds, no one is going to build a railroad on just a guaranty of interest. They are going to build it for a return of the principal they invest and a profit on same. The Government under such a bill as this is running no chances. The other fellows must furnish the principal and spend half a million of dollars in cash, and even then they are not entitled to a guaranty of 4 per cent interest, unless the President of the United States says that their road is really needed to develop the country.

Mr. MOON. Why do you say "the President?"

Mr. DUVAL. We name the President because he is at the top. We name the President and the Secretary of War as judges.

Mr. MOON. I do not like having everything placed on the President's shoulders.

Mr. DUVAL. The "President" in this instance, as Mr. Lovering has just suggested to me, means the War Department. It is stated in the bill as amended "the President and the Secretary of War."

Mr. COLE. Under the operations of this bill do you think you could sell your road up there for what you have invested in it now?

Mr. DUVAL. Yes, sir. We could bond it, and sell the bonds on a 4 per cent basis, getting the additional construction money to finish it, and the latter is what we want. I am perfectly willing to outline our plans in the event this bill becomes a law. We would open up the interior of the Seward Peninsula, and we can not do it without some assistance.

Mr. KLEPPER. How much per mile does the bill guarantee the bonds?

Mr. DUVAL. The actual cost, just as in the Philippines. That leaves no profit for construction companies.

The CHAIRMAN. Does any gentleman of the committee desire to ask Mr. Duval any further questions?

Mr. REYNOLDS. Do you expect your company to avail itself of this bill?

Mr. DUVAL. I feel that we would be entitled to the relief provided for, for this reason: That the War Department's plan as to the most necessary railroad construction in Alaska would be from Council City up the Yukon to Fairbanks, and touching the heads of the Central Alaska and such other railroads as would run down to open water. Our railroad would give the proposed line an outlet to Bering Sea on the north.

Mr. REYNOLDS. Under what laws was the company incorporated?

Mr. DUVAL. Under the laws of the State of New Jersey.

Mr. REYNOLDS. What is its capital?

Mr. DUVAL. Nine hundred thousand dollars of stock outstanding and \$325,000 of bonds.

Mr. REYNOLDS. How much do you realize on the stock?

Mr. DUVAL. Part of the stock was sold at 75 and part of it at par. The bonds were sold at 90.

Mr. REYNOLDS. And with the possibility of such great returns, why is it that private capital is so timid about building these railroads?

Mr. DUVAL. Of course, experience in the last two years has proven the fact that capital is extremely timid in relation to Alaska. There have been a number of thoroughly commendable railroad projects, and desperate efforts have been made to finance them through the banking community on almost any terms, but they take the propositions and mull them over, and won't go into them. It is too far from home. They have no experience as to the earning power of roads up there.

The CHAIRMAN. Public attention is rapidly being turned in the direction of Alaska, and the interest of capitalists has been quite actively aroused in the possibilities of Alaska, recently. Is that not so?

Mr. DUVAL. I am now very close to that point. In some directions there is much more interest than there ever has been before. If the Government would show its hand in something of this kind, the same as Canada has done, and similar to what we have done for the Philippines, you would find capital turning to Alaska by the millions. There would be no trouble about getting money for any legitimate proposition.

Mr. REYNOLDS. The trouble seems to be with the bankers. Is there no way of financing the bonds?

Mr. DUVAL. There is no open market for Alaskan securities.

Mr. REYNOLDS. Then these roads are not backed by the millions that are represented by the incorporators?

Mr. DUVAL. Our own people have backed their road to the extent of over a million dollars.

Mr. REYNOLDS. They expect to raise money through bonds?

Mr. DUVAL. We expected to finish the road with the amount of money already raised.

Mr. REYNOLDS. And in order to do it in that way you wish the passage of this bill?

Mr. DUVAL. Yes. In order to get the financing of sufficient mileage to demonstrate that railroads in Alaska are profitable the Government has got to foster the pioneers.

Mr. MOON. How much money will it take to finish the road?

Mr. DUVAL. On the first 50 miles, for which we have the material all paid for, it will take about \$400,000, probably.

Mr. MOON. You can finish that without any further aid?

Mr. DUVAL. Possibly we can. We will probably finish it within the next two or three years.

Mr. MOON. How much more do you want to have after that is finished?

Mr. DUVAL. About 150 miles to develop the Seward Peninsula.

Mr. KLEPPER. I believe that \$400,000 has been the estimate to finish it.

Mr. DUVAL. To finish the first 50 miles.

Mr. KLEPPER. What do you figure it costs to build a railroad up there?

Mr. DUVAL. About \$20,000 to \$25,000 per mile. I think that \$20,000 would cover the expense on running mileage, and then would come the terminal expenses.

Mr. LLOYD. Is your road standard gauge?

Mr. DUVAL. Yes, sir.

The CHAIRMAN. How many acres of land have you at Nome?

Mr. DUVAL. The law gave us 200 feet for right of way, with 10 acres additional for station purposes, and approximately 40 acres at terminal points.

Mr. KLEPPER. You do not think that there is any doubt but that the railroad companies would avail themselves of the opportunity to build the thousand miles under the guaranty?

Mr. DUVAL. I think 1,000 miles would be undertaken at once by responsible companies. It is a question to me, however, whether that guaranty would ever be called for. The mere willingness to guarantee interest would attract capitalists, and then they would be willing to risk interest as well as principal for the greatly increased profit on unguaranteed bonds.

Mr. KLEPPER. Have you ever figured out what the Government would have to stand good for in interest in guaranties?

Mr. DUVAL. Yes, sir.

Mr. KLEPPER. How much for a thousand miles per year?

Mr. DUVAL. We give them a limit of thirty years, and the guaranty shall not exceed \$1,200,000 per year.

Mr. KLEPPER. Each year?

Mr. DUVAL. Yes, sir.

Mr. KLEPPER. A railroad frequently operates without making any profits at all. Is that not so?

Mr. DUVAL. Yes. But there are other things that should be considered. Alaska has a credit balance to-day. For every dollar which you have paid out for her for all purposes—revenue cutters and everything else—she has paid back more.

Mr. KLEPPER. That does not come directly to the Government.

Mr. DUVAL. Yes, sir. There is a credit in the Treasury of a million dollars.

**STATEMENT OF HON. GEORGE TURNER, EX-SENATOR FROM
THE STATE OF WASHINGTON.**

Mr. TURNER. I represent the Alaska Central Railway, and I want to say on behalf of that company that we approve this bill, especially with the suggested amendments, but we had thought before presenting the special features of the Alaska Central Railway that, if Mr. Lovering will permit me, there were some gentlemen here representing Alaska generally who ought to be heard concerning the merits of the proposition. I will ask Mr. Lovering to call upon them to address the committee before we present our matter; but before they are called I will say one word concerning the amendments to the bill. Mr. Lovering favored me by calling me into consultation concerning those amendments.

The principal amendment is the one providing a method to determine what roads shall receive aid, and by that amendment power in that respect is vested in the President of the United States. The original bill was so broad in its scope that all railroad enterprises, whether meritorious or not, might have come to the Secretary of the Interior and claimed the indorsement of its bonds. So the question arose as to where this power to determine whether or not a railroad was entitled to assistance should be placed. We thought that it was impossible to come to Congress in the case of a particular road, as it would be so busy that it would be impossible for it to give attention to special cases. Since that was so, we thought that this power could not be reposed in better hands than those of the President of the United States. It is true that a great many things are devolved upon the President of the United States, and we might have devolved this upon the Secretary of War or upon the Secretary of the Interior.

But where such power is reposed in such officials it is practically reposed in the President, because they are under his direction and control. They are not constitutional officers, and they act in all matters under the direction of the President. On the other hand, where a duty is devolved on the President it involves the cooperation of his Cabinet. So, while this power is reposed in the President, undoubtedly he would go to the head of the Department which is supposed to have the most intimate knowledge of affairs in Alaska and of the needs of Alaska for his information, and that would be the Secretary of War. That is the reason why under this bill we have reposed this power in the President, but it is not an unlimited power. We undertook to fix the standard upon which the President would act. If you will read the amendment carefully you will see that the President must first find that the road is feasible and practicable at a reasonable cost. He must next find that it is one which would materially assist in the development of the resources of Alaska, and lastly, he must find that it is one which would materially assist in the operations of the Government in Alaska. So that, unless the President found that those three things occurred, he would not give the aid to the railroad enterprise that might apply to him for it under this bill. Had we thought of any other standard more certain and valuable we would have incorporated it in the bill. Because, unless the Alaska Central road, which I represent, can show that it comes within the qualifying provisions of this bill, we do not expect to get

any aid; and we feel that any other railroad applying to the Government for aid under the provisions of the bill ought to bring itself directly within those qualifications.

Mr. MOON. May the President, under the provisions of this bill, give the aid all to one railroad in a particular section of Alaska, or is there a provision providing for the development of other portions of Alaska?

Mr. TURNER. The language is that whenever the President shall be satisfied that any particular railroad is feasible and practicable at a reasonable cost and it will materially promote the development of the Territory, that he may then authorize the Secretary of War to extend the aid.

Mr. MOON. Leaves it to his discretion?

Mr. TURNER. Yes, sir; leaves it to his discretion. The amount of \$1,200,000 would be sufficient to construct at least a thousand miles of railroad in Alaska at a maximum cost of \$30,000 per mile. I suppose that the cost of building a road over in the Seward Peninsula is a little higher than it is in central Alaska, where the Alaska Central Railroad is being built. The Alaska Central can be built approximately for \$30,000 a mile.

The CHAIRMAN. What road can do that?

Mr. TURNER. The Alaska Central road. I do not want to take up the time of the committee. I just wanted to explain the reason for the amendments. There is only one other amendment and that changes the Department authorized to supervise this matter from the Interior to the War Department. Nearly all operations up there are conducted under the War Department, and that is really the only Department of the Government that has an intimate knowledge of conditions in Alaska and that knows the needs of Alaska.

Mr. CUSHMAN. Under the provisions of this bill which the committee is now considering, at what time, in your judgment, would the guaranty of the Government attach as regards the professed construction of the road?

Mr. TURNER. The guaranties would attach as each 10 miles were completed under the provisions of this bill.

The CHAIRMAN. Under the first subdivision of the bill a road is permitted to bond for the full cost of construction and the Government is to guarantee the interest—that is it, practically, is it not?

Mr. TURNER. Yes.

The CHAIRMAN. Suppose the road did not pay and the mortgage on the bonds had to be foreclosed, what happens then?

Mr. TURNER. I will be very glad to take that question up and discuss it when we consider the Alaska Central Railway particularly. If you will permit us to put on these gentlemen from Alaska and let them explain the general situation, we will be glad to devote ourselves later to these special matters.

The CHAIRMAN. That is a matter, however, that pertains to all interested in this plan.

Mr. TURNER. I will say that we feel it desirable, since Congress has placed here in the Philippine legislation—and this is identical with the Philippine bill—

The CHAIRMAN. This makes it possible for the Government to accumulate a considerable amount of railroads in Alaska.

Mr. TURNER. It will never get a single mile of the Alaska Central Railroad.

The CHAIRMAN. You think it a good proposition?

Mr. TURNER. I do, indeed.

The CHAIRMAN. You think it would justify the expectations of those interested, without Government aid?

Mr. TURNER. Yes sir. We feel that in the course of time it would justify the expectations. There will be an immensely greater burden upon the people of Alaska who are to use this road if we are compelled to encounter present difficulties than if we proceed under the favoring provisions of this bill or one similar to it.

The CHAIRMAN. Is it your impression, Senator, that this bill would develop considerable railroad activity in Alaska?

Mr. TURNER. I think so, sir, within just and proper bounds. I do not think, amended as it is, it could develop any railroad activity that would not be of benefit and value to the Territory.

The CHAIRMAN. Suppose a road has some miles already working and it should desire to avail itself of the provisions of this bill, could it continue on indefinitely as to mileage?

Mr. TURNER. No, sir; I think the President would determine the extent to which the road would be valuable under this amendment, and it could not get a guaranty beyond that under any circumstances.

Mr. LLOYD. How long is the Alaska Central Railroad?

Mr. TURNER. Four hundred and thirty-six miles.

Mr. LLOYD. Do you remember how long the other road is that runs from Valdez to Eagle?

Mr. TURNER. That is 525 miles.

Mr. LLOYD. And our friends' proposed road would be 150 miles. These three roads would cover over a thousand miles.

Mr. TURNER. Yes; they would cover 1,150 miles. I will say in reference to that that I think a larger margin ought to be provided than is provided in the bill. Railroad development in Alaska ought to be much larger than it possibly can be under the bill as it now stands. The limit of guaranty should be at least \$2,000,000 to secure the extent of railroads that the development of Alaska requires.

Mr. TURNER. I will now call on Mr. Ryan, one of the delegates from Alaska, to address the committee.

STATEMENT OF MR. R. S. RYAN, OF ALASKA.

The CHAIRMAN. You are one of the delegates from Alaska. I believe.

Mr. RYAN. Yes, sir. Mr. Chairman and gentlemen, with your permission, I will refer you to the proceedings in the Senate in the Congressional Record of January 22, 1906. Mr. Piles, United States Senator from the State of Washington, presented on that day a memorial from the people of Alaska. I think that probably most of the gentlemen of the committee have read this memorial, as I believe that copies of it were here in the committee room. The memorial contains the credentials of the other two delegates and myself.

The CHAIRMAN. Where was that convention held?

Mr. RYAN. The convention was held at Seattle.

The CHAIRMAN. How many persons were there?

Mr. RYAN. There were 92 delegates, and every inhabitable part of Alaska was represented. That convention selected delegates to come

here and present to the President and Congress the needs of Alaska. The memorial reads as follows:

To the people, the Congress, and the President of the United States:

The 60,000 Americans resident in Alaska, represented by elected delegates in Territorial convention this 20th day of November, 1905, appeal to the American people in every State and Territory, and to Congress and the President of the United States, with a candid statement of Alaska's needs, and a respectful demand for the recognition of her rights.

That those needs may be clearly understood and those rights dealt with in justice, we deem it fitting to present an outline of conditions as they exist in Alaska to-day.

In the precious metals of gold, silver, and copper, and in deposits of coal, tin, and iron ore, we believe that Alaska is the world's richest storehouse. Its waters produce one-half of the annual salmon catch of the Western Hemisphere. Its 580,107 square miles exceed the combined areas of the Empires of Germany and Austria-Hungary and the islands of Great Britain and Ireland.

The great mountain systems of Alaska are crowned with ice and snow, and they feed glaciers, but in the southern and central portions are vast and fertile valleys, some as large as the State of Ohio, densely timbered and yielding abundantly of grasses, all varieties of vegetables, and the hardy grains. These valleys correspond in area, latitude, and climatic conditions with portions of northwestern Europe which contain 16,000,000 of enlightened and prosperous people.

Within this wide expanse of territory 60,000 Americans, their numbers rapidly increasing, are engaged in developing resources of limitless extent and of incalculable benefit to the prosperity of the United States.

But their work is a struggle against adversity. They face not alone the physical disadvantages of a country alternating with rugged mountains and forest-covered valleys, but they are burdened with laws wholly unsuited to their needs, which breed expensive litigation, engender animosities, and frequently bring progress to a halt.

A heavy tax is imposed by Congress upon every character of Alaskan industry and but a fraction of it is applied to Alaska's welfare as the people of Alaska believe it should be applied.

The 60,000 Americans in Alaska represent the vigor and intelligence of young manhood from every State and Territory of the Union. They have carried with them to their new home the public school, the church, the hospital, the daily newspaper, the telephone, and the electric light. They have carried also to their new homes the American love of liberty and the American belief that their local affairs can be regulated by themselves better than by a body of men, however enlightened, living in different environments and occupied with other duties many thousands of miles away.

Wherefore, we demand the application to Alaska of the fundamental American principle of self-government and elective representation in Congress. We ask no help or favors, but only to be permitted to work out our own destiny and do our share in contributing to the prosperity and welfare of our common country.

In addition, we present herewith Alaska's other immediate and most urgent needs:

First and foremost, A statute applying to Alaska alone, amendatory of and supplementary to the Federal statute on mines and mining, making it impossible to locate placer mining claims by agent or attorney—in fact, with or without power of attorney, or in any manner to locate such claims otherwise than in person; making it impossible to locate more than 20 acres of placer mining ground in one claim, thus abolishing the group-claim curse; making it impossible for any one person to locate more than two placer mining claims on any one creek, or on any one of its tributaries; declaring that the bona fide finding of gold in any quantity whatever anywhere within the boundaries of a placer mining claim constitutes discovery; substituting a cash assessment of \$25 per annum on each placer mining claim for the annual labor assessment of \$100 now required by law, with the penalty that failure to pay such cash assessment subjects the claim to relocation, the moneys so paid to be expended in the construction and maintenance of wagon roads and trails in Alaska, and, finally, declaring the law of water rights in connection with placer mining claims.

Second. A direct appropriation of \$1,000,000 by Congress for the building of wagon roads and trails under the supervision of the Alaska Road Commission.

Third. The application of the earnings of the Government cable and tele-

graph system in Alaska to the betterment and extension of the cable, the land lines, and the wireless stations, and appropriations for necessary extensions of the cable.

Fourth. Legislation relieving United States judges in Alaska of administrative duties and the appointing of United States commissioners by transferring such duties to the governor or other civil officials.

Fifth. A redistricting of the present judicial divisions, an increase in the number of judges, and the creating of an appellate court in Alaska. That pending the creation of such appellate court appeals from Alaska be held in Seattle in lieu of San Francisco.

Sixth. The abolishing of the antiquated fee system in all offices and the substitution of adequate salaries.

Seventh. The removal of the restrictive tax of \$100 per annum a mile on railroads in Alaska.

Eighth. The establishing of base lines and meridians in the vast and fertile valleys of southern and central Alaska to the end that homesteaders now located and locating there in large numbers may occupy and improve the public domains of Alaska on terms of equality with homesteaders on the public domains elsewhere in the United States.

Ninth. The providing of more light-houses on the coasts of Alaska, where a fleet of American steamers is engaged in the merchant marine exceeding in numbers the American fleet engaged in one field on any other ocean.

Tenth. Better postal facilities, with special reference to assistance for postmasters in rapidly growing towns. •

Eleventh. The erection of suitable buildings for the transaction of public business in the several divisions of Alaska.

Twelfth. We favor placing the care and protection of the native of Alaska under the direct supervision of the governor, in accordance with the recommendation of the President in his annual message of 1904.

In conclusion, we appeal to the press of the United States for the just treatment which it accords, when rightly informed, to all deserving interests.

Respectfully submitted, with the unanimous indorsement of the committee on resolutions, November 20, 1905.

J. G. PRICE, *Chairman.*

J. J. BURNS, *Secretary.*

Approved by unanimous vote, November 20, 1905, by the convention.

A. P. SWINEFORD, *President.*

J. J. BURNS, *Secretary.*

This is to certify that the third Alaska Territorial convention, composed of delegates duly elected by the people of Alaska pursuant to regular call and assembled and in session at Seattle, Wash., from November 15 to 22, 1905, for the purpose of memorializing the President and the Congress of the United States with regard to the legislative needs of Alaska, have regularly elected A. P. Swineford, Richard S. Ryan, and Omar J. Humphrey as delegates and representatives of the people of Alaska to appear before the President and the Congress to urge the enactment of such legislation as is requested by memorial and resolutions duly made and attested and herewith transmitted through the above-named delegates.

A. P. SWINEFORD, *Chairman.*

J. J. BURNS, *Acting Secretary.*

That memorial was duly presented and read in the Senate and incorporated in the record of the proceedings of that body. The honorable member from the State of Washington (Mr. Cushman) can explain that it was presented in the House of Representatives, but that the House was then very busy with other matters.

As a representative from Alaska with my colleague, Governor Swineford, who is here present this morning, and speaking with the consent of the third delegate, Mr. Humphrey, who is absent on important business, we ask you to hear us and take us into your confidence. We come here to speak for Alaska and not to represent any special interests, but the interests of the Territory as a whole.

Speaking for myself, I will say that I appeared before you a year ago on this railroad matter, as you will doubtless remember. I do not

think that I can now improve on anything that I said at that time in urging Alaska's right to partake of some of the benefits to be derived from Government assistance in securing transportation facilities. There were certain railroad matters before you, which were discussed.

I am not going to tire this committee—and there is no necessity of tiring you—with a description of the tremendous resources of the Territory of Alaska. It was gratifying to me to hear certain gentlemen the other day enlighten this committee on the wonderful agricultural and mineral resources of this Territory and the need for their development. I, myself, have for the last twenty years followed railroading. I have built over 1,200 miles of trunk lines developing our own country west of the Missouri River, and during my seven years' stay in my adopted country I have given a great deal of thought to the subject in question. Without any egotism on my part I think I can say, and justly say, that I would be able to advise with this committee as to the line of assistance or action that would be best suited and adapted to the Territory of Alaska and would meet the best wishes of its people, and I am sure that that is as much what you gentlemen wish to do as it is what Alaska wishes you to do.

In pressing upon you the necessity of subsidizing transportation in Alaska, I could quote indefinitely. If any of you gentlemen had the pleasure of listening to the honorable Senator from Massachusetts yesterday you doubtless perceived that a great deal of his discussion on the railroad-rate legislation could be adapted to the need of railroads in Alaska and what they would succeed in doing for the Territory toward developing her resources.

To quote from a report of the United States Senate on a bill reported a year ago, which bill has been before you and under discussion for the last two months, they said in reporting this bill favorably:

In granting such aid the United States Government is taking no new departure. It has long been the policy of the principal European powers to aid in the construction of railroads for the development of their colonies and possessions. This is particularly so of England, France, Germany, and Russia. Forty years ago the United States embarked upon a similar policy and aided in the construction of the Union Pacific, the Central Pacific, and the Northern Pacific railroads. While for many years thereafter there was criticism of this policy on the part of the Government, yet the American people as a whole have always approved of it, and it would seem that the results show the wisdom of our assistance in the matter. States and communities have been built up and have become a part of our Union, which in those days were looked upon as the "Great American Desert."

I think that is palpable and plain to every gentleman here who has traversed the Mississippi River.

The CHAIRMAN. Is that a report of the Senate Committee on Territories?

Mr. RYAN. It is a report by Mr. Burnham, from the Committee on Territories—the Senate Committee on Territories.

The CHAIRMAN. That report accompanied what bill?

Mr. RYAN. That bill is what was called "the Burleigh bill." It was the Alaskan railroad bill.

They go further. I am not going to tire the committee, but am just going to read these quotations to show the sentiment that already pervaded the Senate. I think that it pervades it yet. I read again from the report of the Senate Committee on Territories:

It seems to us that if it is a wise policy for the Government to build up railroads for the development of the Philippine Islands—

Right here, Mr. Chairman, I will say that while it is true that the Philippine government has to guarantee the bonds themselves, there is no gentleman here present, taking this question seriously, but has fully discovered—and you gentlemen who drew that bill and discussed it here in committee know that this Government is morally obliged and has obligated itself to see that these bonds are paid, or, as the gentleman who preceded me, Mr. Duval, said, Speyer & Co. would not have bought these bonds——

The CHAIRMAN. You said that this committee considered that Philippine bill, but it was the House Insular Committee. Neither Territorial Committee had anything to do with that bill.

Mr. RYAN. I thought that Mr. Beveridge had charge of that bill in the Senate.

The CHAIRMAN. That hardly seems possible, as Mr. Beveridge is chairman of the Senate Committee on Territories.

Mr. RYAN. Well, that was simply a mistake on my part.

The CHAIRMAN. I merely made the suggestion in order that your remarks in the record would be correct.

Mr. RYAN (reading):

It seems to us that if it is a wise policy for the Government to build up railroads for the development of the Philippine Islands there should be no hesitation as to the propriety of its aiding in the development of Alaska, a possession which has been explored and developed and won to civilization by the hardy pioneers of our own people. There are to-day in Alaska thousands of Americans who have endured great privations in prospecting that country, the sole reward for whose efforts for winning that land from its forbidding solitudes being mining claims located, the titles to which are maintained by an annual expenditure of labor thereon pursuant to the mining laws of the United States, and out of which these men have no profit, and never will be able to secure any profit unless and until they have railroad transportation.

The whole report is simply in accord with the following report of the Senate Commission which visited Alaska, which, I dare say, a good many of the members of this committee have read with some interest.

The CHAIRMAN. If there is no objection, suppose you incorporate what you desire to read in the report of your remarks.

Mr. RYAN. It is only a few lines. It is their opinion as to the desirability.

The CHAIRMAN. The Chair desires to announce, Mr. Ryan, that some of the members of the committee have to be on the floor of the House——

Mr. RYAN. All I want to do is to show our position. We have no personal feelings in it. Our whole interest is centered in the Territory from which we have come.

The CHAIRMAN. Have you any specific recommendations to make in relation to this question of Government aid of Alaskan railroads?

Mr. RYAN. Yes, sir. I do not believe, from my own experience and from dealing with the people with whom I have been associated, that without Government assistance companies will be able to raise funds to build on a legitimate basis.

The CHAIRMAN. That is to say, corporations can float their bonds at 50 cents, and the other 50 cents is actually a charge on the carrying power.

Mr. RYAN. Yes, sir. But it is from Wall street that the security comes to perform the work when the paying ability of the road is

demonstrated. In other words, we have to pay a tax on the transportation of the money borrowed to-day, which could be avoided if the Government would give the assistance asked.

I have not gone into Mr. Lovering's bill. We hope to see a general bill passed—a bill of such a character as will give the Territory the aid it needs. We particularly hope to see in the Seward Peninsula some line of communication to open water through that great field that has been opened up in the Tanana Valley, which has been described here as the wealth-producing country of central Alaska. This part of Alaska, the Seward Peninsula, has produced one-third of the gold of the Territory. We have our tin mines there, our gold mines there, our quartz mines there. As Mr. Duval has said, for eight months we are shut off and have no communication. The communication which we desire should be through central Alaska. It should give us an open port on the south. I believe that when this committee goes into it more fully it will realize what that means. The War Department, which has been with us since the inception of this movement in Alaska, in 1898, has an understanding of the necessity and the requirements of such development by such a line of railroad, or by such lines. I will not take up the time of the committee at present in discussing this question.

I hope and I know and believe that the committee intend well, and whatever they may bring forth will be productive of legislation for the benefit of all the country. Roughly speaking, it is to be a commission of some kind. A preliminary inquiry would have to decide as to the most meritorious line of road, very similar to the preliminary measures which are adopted in a similar case. There is no necessity of my going into that. I just want to say that we are here to assist you in giving you the best of our thought, our experience, and our time.

Mr. REYNOLDS. What aid did the Yukon road receive from the Government?

Mr. RYAN. I could not say. It is in Canadian territory. Twenty miles of it is in American territory, from Skagway.

Mr. REYNOLDS. I understand that; but what aid did it receive from the Government?

Mr. RYAN. I could not say. The only line in that country is from Dawson into the mines, and they received \$6,400 cash per mile.

Mr. REYNOLDS. Their office is in London.

Mr. RYAN. Yes, sir; I believe so.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Wednesday, February 14, 1906.

The CHAIRMAN. This day was set aside for further hearings on House bill No. 100. The gentlemen will proceed. The Chair is informed that Mr. Lovering has introduced a new bill embodying certain changes which were suggested in the hearing of yesterday. Will you proceed, Mr. Lovering?

Mr. LOVERING. I desire to say, first, that I submitted this bill to Secretary of War Taft, and it has his absolute approval. I will ask Governor Swineford to address you.

STATEMENT OF HON. A. P. SWINEFORD.

Governor SWINEFORD. Mr. Chairman and gentlemen of the committee, I can say all that I have to say in behalf of this bill in a very few words. First, I want to say to you in reference to Alaska that, notwithstanding what has been said here before this committee during its various sessions since I have been in Washington, you have heard very little more than a bare whisper of Alaska and its resources, so far as the truth is concerned. Consequently, I will say nothing on that subject, but proceed to say that I consider this bill the most important piece of proposed legislation, as affecting the welfare of Alaska, that is now pending before any committee of this Congress, or before the Congress itself.

It is true that there are other things we want that we consider of great importance to the future welfare of Alaska. We want local self-government. We want Delegate representation on the floor of the House of Representatives. But we want railroads more than either of those things. We want railways—means of transportation that will hasten the development of the magnificent resources of that country. They can not be developed otherwise than through the building of railroads. Not one line, but perhaps half a dozen lines are needed for the development of that country at the present time. For myself, I will say that I live in a section of the Territory where individually, or, speaking from a sectional point of view, we care very little about railroads for our own immediate use or benefit. But I come here looking to the welfare of Alaska as a whole. The few railroads we will need in my immediate section will be short lines upon the islands, which will be built by individual enterprise for the benefit of individual interests. But in the interior of Alaska, in the great northwestern and middle sections, development will be impossible without these railroads, and I therefore say that if it were left to me, notwithstanding I came here more especially for the purpose of advocating Territorial government for Alaska, and a Delegate from Alaska, if it were left to me to choose between these three, namely, Territorial government, representation in Congress, and railway development—such action on the part of the Congress as will give us the railroads we need—I should lend all my efforts to secure what this bill seeks to secure for Alaska.

You have heard but a mere whisper of Alaska and of its immense resources, but you will hear more in the near future. Give us the aid we need with which to build railroads and you will marvel in a few years at the extent of the wealth of that country. I think you should give us this little aid, for various reasons. First, you should give it to us because it is right; second, you should give it to us because it will aid in the development of an almost unknown country—a country which, without aid from Congress to assist or encourage the development of its material resources, has already become the creditor of the Government. Why, think of it! In coming to this city from my home in Alaska I traveled over very nearly, if not quite, 3,000 miles of railway that was built, practically, by the Government of the United States, or, at least, with Government aid. I traveled over 2,000 miles of railway, at least, to the building

of which the Government contributed not less than 50,000,000 acres of the Government domain, worth hundreds of millions of dollars afterwards.

Now, we can not ask you to do that for Alaska, because it would be impossible for you to segregate so much of the public domain as you might wish to grant in the way of aid. You can not give us a cash subsidy, but I think you ought, under the circumstances, in view of the fact that you have built the railroads in all of the great Northwestern and Middle Western States, all the way from Michigan to the Mississippi and beyond that to the Rockies, and still beyond the Rockies to the Pacific, it seems to me that this Congress can very well afford to grant the little aid that the people of Alaska are now asking to help them in the development of their country, a country which, when developed, will add untold millions to the wealth of the country. It seems to me that you can afford to do that. It seems to me, on the other hand, that you can not afford not to do it, in view of the benefit that it would be to the General Government as well as to Alaska. Think of it! What has Alaska cost the Government of the United States? We bought it first without the sacrifice of life and without the shedding of blood for less than 2 cents an acre! We have had no assistance from the General Government—from the Congress. We have had very little in the way of encouragement looking to the settlement and development of the country. Yet, notwithstanding that, we have repaid to the Government every dollar expended in the purchase, and every cent expended on any account whatever in the maintenance of Alaska, and she has to-day nearly a million and a half dollars to her credit in the National Treasury.

Now, we come here to ask this little aid for the building of railroads. Were this a personal bill, were it a bill granting even the loan of the credit of the Government to assist in a private enterprise, or so-called private enterprise, I would not raise my voice in behalf of it. But, as I understand it, this is a general bill, and I assure you, gentlemen, that nothing you can do, nothing that this Congress is liable to do, will go so far to assist in the development of Alaska as would the passage of this bill, assuming, of course—not having read it carefully—that it is properly guarded in all respects for the protection of the Government, as well as for the purpose of aiding in the building of railroads in Alaska. Now, as I said, you have built railroads in almost every other State and Territory in the Union. I doubt if any of you gentlemen living west of the Ohio will not find yourselves, on your way home, passing over some railroad the construction of which has not been aided by the United States. You built the railroads in Arizona, New Mexico, in Michigan, Illinois, and Wisconsin, and in almost every other Western State and Territory. Why not give us this little aid for Alaska? Why make an exception of Alaska?

You are aiding in the building of railroads in the Philippines, where you have not, in all probability, outside of the military force you are maintaining there, a thousand American citizens. We people of Alaska are all American citizens. We are of your own kith and kin. We have gone there to develop a country which, as long ago as 1867, I heard in the Hall of the House of Representatives denounced by eminent Representatives of the time, leaders of the then

dominant party in Congress, as wholly worthless for any use on earth. We have gone there to develop that country, and, as I said, without aid. Without encouragement from the General Government we have made it a paying proposition not only to ourselves, but to the Government as well. I submit, gentlemen of the committee, that you can not afford to withhold this trifle of aid from Alaska to be used in the building of railroads for the purpose of further developing her resources. Although in 1867 pronounced absolutely and wholly worthless for any purpose whatever, Alaska is now third on the list of gold-producing States and Territories of the Union. Next year she will be second, and—mark the prediction I make here now—the year after she will outrank all the rest of them. But gold is not her only resource.

You have been told here in a faint way—in a way which, judging from my standpoint, savors more of damning the Territory with faint praise (because the gentlemen who have talked to you here were evidently afraid to tell you the truth for fear you would not believe them, would not believe them if they told you this truth).

Now, give us this aid. You can not afford not to do it. Do it; and if you turn me down to-morrow or the next day on my proposition for a Territorial government, if you lay aside the bill which is already before you in the hands of a subcommittee giving Alaska the right of Delegate representation on the floor of the House, I will go back satisfied. But give us aid in building the railroads, in developing the country there, and the other matters can stand in abeyance, because the railroads will bring us increase of population and wealth and the home government we so much desire.

STATEMENT OF MAJ. W. P. RICHARDSON, U. S. ARMY.

Mr. LOVERING. I will now call on Major Richardson, of the United States Army, in charge of wagon roads and trails in Alaska for the War Department.

Major RICHARDSON. Mr. Chairman and gentlemen of the committee, I have only a very few remarks to make on this subject, and they are in connection with the memorandum that has previously been submitted to the committee, prepared by myself and approved by the Secretary of War and transmitted by him to Congress.

I wish to say that the War Department has considered this question of transportation as being the most important one connected with the development of Alaska, and has been considering the advisability of preparing some general bill looking to aid in that direction.

Mr. LLOYD. Is it their intention to do so?

Major RICHARDSON. No, sir; not at this time; but it has been under consideration by the Secretary for some time past. This winter he decided that for the present he would not go further than to make this recommendation which is contained in the memorandum previously submitted to you for a survey of the road running westward.

The CHAIRMAN. Westward from where?

Major RICHARDSON. From near the international boundary to the Nome Peninsula, through a country mostly unknown at present, in order to procure some further information as to the routes which would be considered best for the general development of the country.

Mr. LLOYD. That would be a survey by the Government?

Major RICHARDSON. Yes, sir. This memorandum asks for an appropriation of \$25,000 for that survey, and it is stated in that memorandum that the question of coast connections was left untouched for the present, in view of the likelihood of connection being made with this road, in case it should be built by private enterprise, from Resurrection Bay or from the vicinity of Valdez toward Eagle. In case these last-named roads should be built they would furnish the desired coast connections, and then leave this trunk line to the westward for consideration by the next session of this Congress. However, the situation has developed somewhat differently than was expected in the early part of the winter.

It now seems, in view of the bill before you for consideration, likely that Congress might decide to do something in the way of general railroad building in Alaska at this time, or, at least, your committee is prepared to receive evidence upon that subject and is receiving it. My present duty is president of a board of road and trail commissioners, to try to improve the mail routes temporarily until some other and better means of communication are provided. In regard to this bill, the Secretary of War authorized me to say that he would give his support and favor to such a general bill, and would undertake to carry out its provisions should Congress decide that such a course was desired of him.

I wish to call your attention to the map here on the wall and to suggest that the limitation in the way of obligations on the part of the Government fixing the mileage should be extended somewhat beyond that named in the present bill, because it would not guarantee the mileage necessary to properly open up that country. It, however, might be limited as to time, and made to extend over a greater period than the present bill contemplates. However, I believe it does not fix the limit. An examination of this map will show you, I think, the value of a road from here [indicating on map] in the vicinity of Orca or Valdez, from which vicinity there is more than one private enterprise considering the project of building to Eagle, tapping the Yukon near the international boundary.

A second road is already under process of construction from Resurrection Bay up the Sushitna Valley—which is without question the most promising valley in the whole district—to the Tanana, the head of navigation, at Fairbanks. With a road connecting these two, following down the Tanana, which is not navigable to this section, to where the Alaska Central road strikes the Tanana, and then across to this point on the Yukon [indicating on map] and extending to the northward, connecting with such road as might be authorized in the Seward Peninsula, to reach the coast, would solve the transportation problem for the whole district as completely as any system of traffic lines that I could suggest, with a single exception, which, however, might be left for consideration in the future, depending upon the development. This exception is a third road from the coast, in the vicinity of Iliamna Bay, which, I understand, is projected now to reach the Yukon in the vicinity of Anvik. This I am not prepared now to give evidence upon, because I am not sufficiently well acquainted with that country. But you will see that such a system of

routes would strike the coast at three places. One line passes near the eastern boundary of the district and strikes the Yukon at Eagle and controls all this portion of the Yukon.

The second route opens up this valley [indicating on map] and its resources. The third route from the coast would strike the Yukon here [indicating on map]. The Yukon would be tapped at three places, each approximately 500 miles distant from the other. I believe that the distance would be more than that—possibly 600 miles. The section following the Tanana River where it is not navigable and crossing the Yukon at this point, which is the only place where it can be bridged, and through to the Nome Peninsula will give those people in there not only facilities for getting freight into places distant from the coast, but also give them passenger and mail facilities the year round, without which the country can not be systematically and economically developed and opened up. I merely wanted to call your attention to those routes, which I think would be the ones taken up first for construction in case such a bill as this should pass. They are the routes which I think would most nearly fulfill the conditions indicated in the bill and do more for the development of the Territory than any others I can suggest and are, perhaps, all that would be required. But they involve a total mileage of about 2,000 miles without this section across here [indicating on map], which would be something like 400 miles more. The total mileage involved would be somewhere between 2,200 and 2,400 miles.

The CHAIRMAN. You had better indicate what you mean by "this section," in order that it may appear in the record.

Major RICHARDSON. From the vicinity of Iliamna Bay to the Yukon, which route has been projected, I understand, but I do not know much about it personally, such a road might become of value and importance in the development of the Territory.

These roads would not compete with coast and river navigation, strictly speaking. Of course they tap the Tanana and the Yukon rivers, but they would pass through territory that could not be reached by water even in the open season. This route to the Nome Peninsula contemplates turning somewhat north [indicating on map] through a country which is more or less unknown. But there are gold placer fields there, on the upper Koyukuk, and private enterprise would probably connect them by a branch line if conditions justified.

Mr. LLOYD. From your statement I understand that you would suggest a survey from Fairbanks across the Seward Peninsula, which would be across the southern portion of that district.

Major RICHARDSON. This survey proposes to go through the upper Tanana, across to the Yukon, and then turn northwestward across the Koyukuk, and thence westwardly to the Seward Peninsula. Of course to reach this country, the upper placers of the Koyukuk, it would have to make a detour to the north, and developments at this time do not justify a survey along that line. If this route is so laid out as here indicated, the distance would not be very great to any part of the north from the trunk line, and connection would be made by private enterprise, or, if the conditions justified, by aid from the Government. The primary object to be attained in this route would be to get a direct communication from the center of this peninsula to open water. This peninsula has already been demon-

strated to be one of the richest, if not the richest section of all Alaska—perhaps in the world—in the way of mineral deposits. There are gentlemen here who are fully capable of speaking on that subject and will give you further evidence if you care to have it. My own desire was merely to indicate in a general way the routes which would be considered as traffic routes under such a bill, with such modifications as might be found advisable on further examination of the country. I had thought that the committee would like to know what would probably be the routes considered under such a bill, in a general way, before taking action upon a bill.

The CHAIRMAN. Does any gentleman of the committee desire to ask Major Richardson any questions?

Major RICHARDSON. If that is all I will ask to be excused.

STATEMENT OF MR. A. C. FROST, PRESIDENT OF THE ALASKA CENTRAL RAILWAY COMPANY.

Mr. LOVERING. I will now call on Mr. A. C. Frost, president of the Alaska Central Railway Company, to address the committee.

The CHAIRMAN. Mr. Frost, you will proceed.

Mr. FROST. Mr. Chairman and gentlemen, the Alaska Central Railway Company was incorporated in the year 1902 and began its surveys in 1903. The construction work was begun in the early part of 1904. The terminals, docks, and 14 miles of the road were built that year. Up to this time there has been expended over \$2,500,000 of money in actual cash in the construction of the road, which consists of the company's terminals, docks, warehouses, and 45 miles of completed road and equipment. There has been considerable work done on the following 60 miles of road, and material for over 30 miles of construction work is on hand, besides a large amount of other material, such as ties and supplies of various kinds. The construction is the very best standard railroad construction—standard size ties, laid 24-inch centers, and new 65-pound rail. The grades are a maximum of 1 per cent grade, except over two mountain ranges, where the maximum is 2 per cent. In one case it is 2.2 per cent.

Early last year a large force of men and all the material necessary to construct 65 miles of road was put into the field. We were confident that we could construct 50 to 75 miles of road that year. From the investigations we had made we believed that the construction work could be done at from \$20,000 to \$30,000 per mile, but after organizing our force and endeavoring to get skilled labor as well as ordinary labor into the field we found that the construction work exceeded from 50 and in some cases 90 per cent of our original estimates. For instance, rails that cost here in the United States \$28 per ton cost \$42.20 per ton delivered on the dock at Seward. The lowest price at which we can obtain common labor is \$2.75 per man, and that will have to be raised to \$3 per man this year in order to retain the men to continue the work.

As regards the possibilities of the country through which the road is projected, I wish to state that not only have our expectations been fully realized as far as the great natural resources of the country are concerned, but they have proven to be greater than we originally expected. The coal deposits, of which we knew only in a general way, have proven to be of as good quality as some of the highest grades

of bituminous coal found in the United States or in Wales. Mr. William Griffith, of Scranton, Pa., who is recognized as one of the ablest coal experts in this country, made a thorough investigation of the coal fields. He spent three months in Alaska, and I have here a report which shows a most gratifying condition as to the coal in Alaska. Some of this coal is equal to the Pocahontas coal which is used by the United States Navy. There is sufficient now already opened up to assure a production of 15,000,000 tons of this high quality coal and 33,000,000 tons of medium quality coal, which is better than that now used on the Pacific coast or in Vancouver.

The first thing that confronted us was the slowness of construction and cost. We expected that \$2,000,000 would complete about 70 miles of road. As I have stated, we have spent over \$2,500,000 and have only 45 miles of road completed, besides what grading and rock work has been done on the following 30 miles. The cost of construction in some places will exceed over \$200,000 per mile. That is where tunnels are being built. We have seven tunnels to build, and the heaviest kind of rock excavation. A contract has been let to a firm which will average \$45,000 per mile just for the rock excavation, no allowance for track work, etc. Beyond Knik the work is comparatively light, and the cost of construction will not exceed from \$30,000 to \$35,000 per mile on an average.

The most serious obstacle that is now confronting us is our inability to market our bonds. We have actually sold less than \$700,000 of the company's bonds, and these largely to our regular customers. There are only \$1,450,000 of bonds issued, and of these, as I have said, less than \$700,000 have been sold, and this is the limit of our ability to sell these bonds. They have been offered at a very low price with a large stock bonus.

We have not only exhausted our efforts in the United States, but last fall we negotiated with a large foreign banking house with whom my firm, which is a financial house, has had large dealings, but have not succeeded in placing the bonds. The engineer whom the foreign house employed is one of the ablest men in that line of business, and he reported very favorably on every feature of the proposition. He verified every statement that this company made in its prospectus regarding the earning capacity after 185 miles of road was built, but raised three objections: First, that the cost of construction would exceed \$35,000 per mile; second, that 185 miles of road would have to be built before the property would be a safe investment; third, that the funds for completing the first 185 miles of road were not yet provided.

We are in this position. We are not prepared to say that the road will not be completed if the aid is not granted. But we are frank to state that unless Government aid is given the work will have to be brought entirely to a standstill next summer or else will have to be greatly curtailed. The failure of our efforts to sell these bonds is entirely due to a lack of knowledge on the part of investors as to Alaska and its resources. No stronger argument in support of the contention that railroads are urgently needed in Alaska is necessary than the statement of Major Richardson, contained in a letter transmitted by the Secretary of War, that the cost of transportation is from \$2 to \$10 per ton per mile. That is a price which is prohibitive on anything except the necessities of life. Machinery, boilers, or any

other large freight can not be transported in the interior of that Territory except at enormous cost.

The country's resources are not confined to gold. It is rich in agriculture, minerals, and timber. The valleys of the Matanuska, the Sushitna, and the Tanana rivers are equal in productiveness to the best lands in Iowa or Ohio. You can find ample support of this statement from the Department of Agriculture. Secretary Wilson, of the Agricultural Department, told me last winter that oats, wheat to some extent, barley, rye, and vegetables brought to the Department from Alaska in 1903 were as good as any received from any part of the United States. Potatoes have been brought to me from Knik, which is 150 miles north of Seward, which were the finest specimens I have ever seen. Grass grows in those valleys in great abundance. We turn our horses loose to graze in the valleys. The mayor of Fairbanks told me yesterday that 15 horses were turned loose a year ago last fall north of Fairbanks and that, without care or shelter, all turned up in the spring in better condition than when they were turned out. The climatic conditions and the agricultural possibilities are so great that, as a gentleman has just stated here, elaboration on these subjects would throw doubt upon the statements made in the mind of anyone who has not a personal knowledge of the existing conditions.

Now, gentlemen, one of the questions that was asked here yesterday was whether the railroads would finish their construction without aid. I have tried to tell you frankly what our position is. The money which has been raised has been private capital put in by people connected with this road, who have absolute confidence in the success and profitability of the project. But it was believed that after we had invested a million of dollars we could market our bonds—that investors would purchase them. However, as I have just stated, less than \$700,000 of these bonds were sold, and they were disposed of to our own customers. I may say here that I am in the bond business. I have financed railroads, waterworks, gas plants, electric-light plants, and irrigation plants for the last fifteen years.

Our failure to market these bonds is entirely due to the lack of knowledge of the great resources of Alaska and its unlimited possibilities and the hesitancy of capital to invest so far away from home.

The facts are that the New York banking houses can get securities of going properties whose earning capacity is established, and buy 5 per cent bonds from 87 to 95 cents on the dollar, in large amounts, and they will not go so far away and take a risk on a property that they know little about and, unfortunately, are unwilling to know more about.

There was another question asked yesterday: "Why should the Government aid railroads in Alaska?" The only answer to that question that I can submit to you is that you aid Alaska as you have the Philippine Islands. Alaska needs transportation more than any other known part of this country, and perhaps of any other country. Alaska to-day has a few short roads, like the Solomon River road from Nome and the White Pass and Yukon, but with the exception of these roads it is entirely without any transportation facilities whatever. It has vast deposits of gold, coal, and copper, and the agricultural and timber possibilities are in urgent need of such trans-

portation facilities. If Alaska is given railroads and one or more roads were actually built and successfully operated, so as to permit the public to become familiar with the Territory, it would not be difficult to finance other roads and develop that country and bring it one hundred years in advance of its present condition. It is just a lack of confidence, which in this case is a lack of knowledge. There is absolutely no basis for an investor to go by, and the distance is so far away that you can not induce him to go there.

In the financing of western properties in the United States we can ask capitalists to go on a tour of inspection and examine the properties. Such trips can be made in a few days. A trip of inspection in Alaska would occupy from six to eight weeks, and it is very difficult to get large investors to make the trip.

The returns from the production of gold in the Tanana Valley for last year are variously estimated at from six to eight million dollars, and conservative people from Fairbanks, who have been here in Washington for the last few weeks, have assured me that the Tanana Valley will yield this year from twelve to fifteen million dollars of gold. Last year four new mining districts were developed. They are the Bonnifield district, the Kantishna district, the Yentna district, and the upper Sushitna district. All four districts are on the line of the Alaska Central or adjacent thereto. Each one of these districts has the same possibilities that the Tanana Valley has. It is claimed that the region near the foot of Mount McKinley will produce more gold than any heretofore discovered in this country or in any other country.

Mr. COLE. What do you charge for transportation of gold? Would it be a paying matter for the railroad transportation of this gold?

Mr. FROST. No; except the profit from the express business. Several quartz mines have been developed along our line, one of which has just begun shipping.

It is the transportation of passengers and supplies to the interior and coal, copper, and gold ores from the interior from which we expect to get our revenue. The only mining that has heretofore been carried on is placer mining. I have been repeatedly told by gentlemen who live in that country, some of whom are here, that unless a man can make from \$10 to \$20 a day panning gold he can not make a living. This is due to the enormous cost of bringing in the necessities of life. Quartz mining, copper mining, or coal mining is out of the question, because it is immaterial how rich the ore or coal might be, it is impossible to get it out or to get the machinery or even help and supplies for the labor to operate the mines.

Another question that has been raised here is as to whether the White Pass and Yukon road received aid. I am of the opinion that it did not receive aid. But the conditions were extraordinary in the case of that road. As you know, Skagway is at the head of the Linn Canal, and White Horse is 112 miles distant, being on the navigable waters of the Yukon River. It was during the time of the Klondike rush, when thousands of people risked their lives and everything to get over this pass, and were willing to pay any price for railroad transportation. They raised \$2,000,000 to finance it, but the conditions were so favorable that they got business while they were constructing it, and from the information that we have the remainder

of the road was built out of its earnings from the part first constructed.

Mr. HIGGINS. How have you found the conditions, better than you expected them to be when you first started on this project?

Mr. FROST. With the exception of two conditions; yes. The first of these is the cost of construction, and the second our inability to finance the property.

Mr. HIGGINS. You did not anticipate the cost of the construction?

Mr. FROST. We had careful reports made, but there were no surveys. There was absolutely no knowledge of the character of the country and what the construction would be.

Mr. HIGGINS. You mean to be understood as saying that the work was not supposed to cost as much as it has cost?

Mr. FROST. Yes, sir.

The CHAIRMAN. Did you say that you did not overestimate the resources of the country?

Mr. FROST. The resources have exceeded our expectations, and every report that we receive from that country is most encouraging. The only features that have not been satisfactory are the two that I have named—the cost of construction and our inability to finance the proposition. The other conditions are better than they appeared at the time we investigated the proposition.

Mr. HIGGINS. Of course the cost of construction and the financing are two very essential features in any proposition.

Mr. FROST. That is true. But in this case they could not be ascertained accurately, for lack of information. This company has expended over \$200,000 in cash money for surveys alone, to say nothing of the engineering on the construction work.

The CHAIRMAN. How much more per mile do you figure the road will cost you than you originally estimated?

Mr. FROST. I think from \$10,000 to \$15,000 more per mile.

The CHAIRMAN. And that is by reason of some of the physical difficulties that you did not foresee?

Mr. FROST. Yes, sir. Principally the tunneling and the rock work on Turnagain Arm. We have seven tunnels to build on the first 150 miles of the road, and this is very expensive work.

The expense of surveying and retaining labor was much greater than we expected.

The CHAIRMAN. Just where is this Turnagain Arm?

Mr. FROST. It is the first arm of Cook Inlet.

The CHAIRMAN. Does any member of the committee desire to ask Mr. Frost any further questions? If not, have you finished, Mr. Frost?

Mr. FROST. Yes, sir.

Mr. KLEPPER. I would like to submit a question to the gentleman. I want to know if you can approximately estimate the cost of the first 150 miles. I understand that you have to tunnel through seven mountains there.

Mr. FROST. Yes, sir. We have to construct seven tunnels, of a total length of 3,700 feet, and very heavy rock work, on Turnagain Arm. The first 150 miles, completed and equipped, will cost approximately \$6,000,000.

Mr. KLEPPER. You have made a careful estimate through the first 150 miles?

Mr. FROST. Yes, sir. That has been carefully worked out. We have had a very large and competent engineering force in the field, and the final surveys for the first 150 miles of road have been completed within the last two months.

Mr. KLEPPER. There will be no question, then, that if you get your work through to that point you can put the proposition on a paying basis.

Mr. FROST. We are convinced beyond all doubt that when the road is completed to Knik, which is 150 miles from Seward, and the branch of 35 miles to the Matanuska coal fields—making a total of 185 miles, costing approximately \$7,000,000—the road will earn far in excess of operating expenses, maintenance charges and interest charges.

The CHAIRMAN. Permit me to inquire—although this question has no special bearing on this—why the company could not have constructed its southern terminal on Cook Inlet instead of running down the peninsula to the Gulf of Alaska, saving that distance of construction? Was there anything special to be gained by doing this? Of course there must have been; but what was it?

Mr. FROST. The reason it was not done is due to the fact that Cook Inlet is full of floating ice about seven months in the year, and during the summer time it is not navigable, except by small boats that are willing to take the risk of the 55-foot tide they have there. When the tide goes out these arms are mud flats.

Our aim was to get to a good harbor that was open the entire year. Resurrection Bay is a perfect harbor, and is free from ice during the entire year. If we could have used Cook Inlet we would have overcome all the difficulties of the very expensive construction with which we have been confronted and from which there will be no earnings. Until we reach the coal fields the earnings will not be sufficient to pay the operating expenses and maintenance of the road.

The CHAIRMAN. The coal fields are on the Matanuska River, are they not?

Mr. FROST. They are on the Matanuska River; yes, sir.

The CHAIRMAN. And then further north there are other coal fields?

Mr. FROST. There is a great deal of coal in the Sushitna Valley, and there are some other coal fields near the Cantwell River.

You gentlemen will find from Mr. Griffith's report, which I submit, that this coal is equal to the Pocahontas coal, which is considered the best steaming coal and is the quality acceptable for the United States Navy. The Government now transports the coal for the Navy and the vessels on the Pacific Ocean and the Philippine Islands 300 miles by rail and 10,000 miles by water when shipped around the Horn, or 3,000 miles by rail to the Pacific coast, where it is reshipped to other ports. A large part of the coal for the Navy is brought from Wales.

The CHAIRMAN. Will you construct as far north as the Matanuska River?

Mr. FROST. Yes, sir. It is 185 miles.

The CHAIRMAN. It does not look it on the map.

Mr. FROST. That is a very small map and it is on a small scale. That country has a large area. Its area is nearly one-half of that of the United States.

The CHAIRMAN. When you got into the coal fields of the Matanuska River you would have some business?

Mr. FROST. Yes, sir; when we complete the road that far its success will be absolutely assured.

Mr. KLEPPER. The first point that you are making for, then, is the coal fields on this river?

Mr. FROST. Sushitna Valley and the coal fields.

Mr. KLEPPER. I see it is estimated that there are 33,000,000 tons of coal.

Mr. FROST. Yes, sir; of the best quality.

Mr. KLEPPER. What would you say would be the value of that coal in the ground there?

Mr. FROST. It has no value at all at present.

Mr. KLEPPER. But what would it be with your railroad constructed there?

Mr. FROST. That is hard to tell. We figure that it will cost from \$2 to \$2.50 to mine it and put it on the cars.

Mr. COLE. Has any amount of this coal been taken out?

Mr. FROST. No. There has not been much attention paid to it, because it has no value at all until transportation is provided.

Mr. KLEPPER. Have you ever estimated what it would be worth in the ground after you get the railroad in there?

Mr. FROST. No. We figure that it will cost from \$2 to \$2.50 per ton to mine it and \$3 per ton to haul it to tide water, which would make the cost \$5.50 per ton at the seaboard. That coal should sell at from \$6 to \$7.50 per ton at Seward. That is the best quality of coal of which I am now speaking.

Mr. KLEPPER. That would be worth from \$1 to \$2 a ton in the ground.

Mr. FROST. Less the cost of handling and docking and the fixed charges of the coal company's operations. The steamships that ply on the Pacific Ocean get their coal at from \$3 to \$3.50, but it is an inferior grade of coal. Good bituminous coal on the Pacific coast costs \$7, \$8, or \$9 a ton, depending upon location. Governor McGraw just stated that the Navy pays from \$15 to \$16 per ton for its coal.

The CHAIRMAN. Have you stated to the committee what you can furnish coal at Seward for over your road?

Mr. FROST. From \$6 to \$7 for the best quality of coal. That averages with the Pocahontas coal. It would be suitable for use by the United States Navy.

Mr. REYNOLDS. Do you take the position that it would not be possible to construct this road at this time by private enterprise without Government aid?

Mr. FROST. As I have just stated, unless we can get some aid it will mean at least greatly retarded construction or waiting until capital can be interested. I will here state that we are willing to submit in confidence to this committee, or to a special committee, all our private correspondence, and to the extent that we have gone in trying to market these bonds; the price and terms on which we have sold the bonds that have been disposed of, and, in fact, will give you all information on that subject.

Mr. REYNOLDS. What price have you been able to realize on the bonds?

Mr. FROST. Ninety.

The CHAIRMAN. You say that the amount of road now complete and in operation is 45 miles. When you say "in operation" you mean simply transportation of material for that road. You say that considerable work has been completed between mile No. 45 and mile No. 105. Will you state what portion of that work has been completed?

Mr. FROST. Somewhere about 15 per cent at the most.

The CHAIRMAN. Does that mean that you are working over the southern part of that section northward?

Mr. FROST. We are working from both ends—that is, from mile 45 north and from 105 south.

The CHAIRMAN. Is it in that section of your road that you are obliged to construct tunnels?

Mr. FROST. Yes, sir; that is the heaviest construction by far that we have on our entire line to Fairbanks and the Tanana River.

The CHAIRMAN. You say that contracts have been let to Rich & Harris, and that that contract calls for the completion of these tunnels on April 1. Will these contractors be able to finish these tunnels?

Mr. FROST. That report from which you are reading was made for our stockholders' meeting last November, and there has been such delay in getting material and supplies in that the best we can figure on is September. I might say that Mr. Poland, who arrived from Alaska yesterday, is our chief engineer and general manager. He has had full charge of our operations there, and will be glad to give information in regard to the work.

The CHAIRMAN. When these tunnels are completed the most difficult part of your work in that section will have been completed, will it not?

Mr. FROST. Yes, sir.

The CHAIRMAN. Then you say that the grading from mile 75 to mile 105 calls for completion by August 1, 1906. Do you now anticipate that this work will be completed by that time?

Mr. FROST. That contract was let to one of the largest railroad contractors on the Pacific coast, Peter Larsen, and his brother-in-law, Patrick Welch. They are men estimated to be worth \$10,000,000. We took their contract to perform that work in that time. Mr. Welch told me in Chicago not more than a month ago that unless there was a heroic effort made and great expense incurred it would be impossible to complete it before the 1st of October.

The CHAIRMAN. Very well, then. We may assume from this report that along next fall these tunnels from mile 45 to 105 will be in working order?

Mr. FROST. Yes, sir.

The CHAIRMAN. Now, from mile 105 to 185 will be comparatively an easy portion of the road.

Mr. FROST. That work will average not to exceed from \$30,000 to \$35,000 per mile.

The CHAIRMAN. It runs over comparatively easy territory?

Mr. FROST. Yes, sir; as compared to the other construction.

The CHAIRMAN. How long do you estimate it will take you to construct that 75 miles of road?

Mr. FROST. If the company had the cash available, we could let another contract from mile 105 to Knik to another large firm, and in this way complete it this year.

The CHAIRMAN. You probably could let such a contract, could you not?

Mr. FROST. Yes; if we succeed in financing the property or in getting Government aid.

The CHAIRMAN. With these tunnels completed, your road is assured, that being the most expensive part of your road.

Mr. FROST. We have expended two and one-half millions of dollars, and it will require \$6,500,000 to \$7,500,000 to complete the road to the Sushitna Valley and the coal fields. In other words, we are short \$4,000,000 to \$5,000,000.

The CHAIRMAN. You have expended something for your buildings, have you not?

Mr. FROST. There were no accommodations there. There was no town there three years ago. Seward now has a population of about 1,200 persons, waterworks, electric-light plant, stores, hotels, daily and weekly newspapers, but houses are very scarce. The buildings were entirely inadequate for our force of men, and we had to erect an office building at a cost of \$48,000.

The CHAIRMAN. How much land do you own at your southern terminal?

Mr. FROST. Sixty acres.

The CHAIRMAN. Is there any gentleman of the committee who desires to make any further inquiry of Mr. Frost?

Mr. LOVERING. May I ask the gentleman whether they are prepared to meet their obligations in payment for the work that is now being done on these tunnels?

Mr. FROST. We intend, certainly, to meet all these payments, but under our contracts with these contractors we have the right to stop the work before it is finished. If we stop the work we are obliged to pay them for the work performed and take over and pay for all material and supplies they have on hand. I have already spoken with Mr. Welch on this subject. Our contract provides for such an arrangement. It is a regular construction contract.

The CHAIRMAN. I understand that the construction of the tunnels which was to have been finished by April 1 will not be finished on that date, and that you have some provisions by which that contract may be extended.

Mr. FROST. The truth is that the contractors fell down on that work, and we had to take it over. They believed that the work could be done as cheaply and conveniently there as it could be done in this country, but after being in that country for two months they found that they could not carry out the contract.

The CHAIRMAN. One difficulty was that the labor went into the gold fields?

Mr. FROST. Yes. We lost over 1,000 men last year. Whenever a gold strike occurs the laborers stampede. We have labor agencies all over the country, and we have tried in every possible manner to get men into that country; but they are difficult to retain after we get them there. We have now started an immigration bureau, which has been of great service to us in bringing men in there to develop

the country and settle it, who find it necessary to work for a few months in order to maintain themselves in that country, and that has been a great help to us.

Mr. REYNOLDS. What do you estimate your investment in this road, counting cash expended?

Mr. FROST. We have actually expended over \$2,500,000 in cash. If we should stop our construction work in thirty days, we would have to give the contractors notice and use up the supplies as far as possible. This would probably require from two to three hundred thousand dollars more.

Mr. BELL. How is your contract? On a percentage basis?

Mr. FROST. No. On a yardage basis, and the tunneling was let at so much per linear foot.

Mr. COLE. Is this town on land belonging to the railroad?

Mr. FROST. No, sir. We have no land, except 60 acres for terminal purposes. The railroad is in nowise interested in the town site.

Mr. HIGGINS. What do you have to pay for common labor?

Mr. FROST. We are paying for common labor \$2.75 per day, but we have to advance the men the transportation to Alaska, and about 20 to 25 per cent of this advance we lose, owing to some of the men not reporting for work. The demand for labor on the Pacific coast is so great, owing to the large amount of railroad construction, that, I think, we will be obliged to pay considerably more this year.

Mr. COLE. Do you pay the laborers' way?

Mr. FROST. We advance them the transportation to Seward, Alaska.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Thursday, February 15, 1906.

Mr. LOVERING. Mr. Chairman, I understand that Mr. Frost would like to make an additional statement to what he said to the committee yesterday.

The CHAIRMAN. Do you wish to make an additional statement, Mr. Frost?

Mr. FROST. Yes, sir; if I may be permitted to do so.

STATEMENT OF MR. A. C. FROST—Continued.

Mr. FROST. Mr. Chairman and gentlemen of the committee, from some of the questions that were asked me yesterday it occurred to me that perhaps there is doubt in the minds of some of the members of this committee as to whether we are able to construct this road without Government aid or if we are just desirous of taking advantage of an opportunity that is advantageous to us.

I have telegraphed my office for the complete correspondence and everything pertaining to the negotiations for the sale of our bonds, and I shall be glad of the opportunity to present the actual facts to this committee or to a subcommittee to convince you gentlemen beyond all doubt that every effort has been made during the past twelve months to market the bonds; that we have financial connections with some of the best houses in the bond business in the United States and in Europe; that we have just recently closed a sale of

\$1,600,000 of other bonds with a foreign house; that our business connections are such as to justify the belief that with our connections we can sell these bonds if they are marketable. We have spent over \$20,000 in having this property investigated by a large European house, who has sent a very able engineer to examine the property, with the result as stated to you yesterday.

The CHAIRMAN. Just in that connection, in making the suggestion that I am about to make, which I have not clearly formulated in my own mind, and about which I have not talked to any member of the committee, I simply want to get your advice. Suppose the committee should not be disposed to take action guaranteeing the interest on the bonds of any railroad company, what other kind of Government aid would you suggest?

Mr. FROST. In my opinion, Mr. Chairman, the most valuable aid, the most efficient aid—in fact, the only aid that this company or any other company could make immediately available for pushing its construction work, and which aid would cost the Government nothing—would be to lend its credit.

We are prepared to protect the Government against the payment of interest on these bonds.

Mr. LLOYD. Do you gather that from precedents in such cases in the United States?

Mr. FROST. No. But I will state that if it were necessary, we would secure the guaranty of the interest by the Government by pledging satisfactory securities to pay the interest charges during the construction of the first 185 miles of road, or in any manner that you gentlemen would think fair and equitable.

We have absolute confidence in the enterprise, and I think we can demonstrate beyond all doubt that when the road is completed to mile 185 it will have sufficient earnings to pay the operating expenses, maintenance, and interest charges.

As to the extent of the guaranty, we would be satisfied to limit it to 200 miles of road. All that is necessary in order to finance a railroad in Alaska is to demonstrate its earning capacity and satisfy the investor of the great resources of the country, and when this is done the difficulty of floating the bonds will be removed.

The average investor will not listen to investments in Alaska. They are not interested. It is too far away. The advantages of the country are not sufficiently known. They have not sufficient confidence in the permanency of the country. They have no conception of the resources that will make and maintain a prosperous population in that country.

The CHAIRMAN. The advocates of House bill No. 4471—I think it is what might be called the "Burleigh syndicate bill"—have stated that they are ready to proceed with the construction of a railroad, having Eagle City as its northern terminus, without Government aid, except that they want certain lands for right-of-way purposes and terminal purposes and station purposes.

Mr. FROST. Yes, sir.

The CHAIRMAN. Major Richardson has stated before this committee that practically two lines of railroad running from the southward would tap the internal resources of Alaska, and that after they are built it might be advisable to have another railroad constructed running westward in a general direction from Fairbanks into the

Seward country. If the Chair gathered his statement correctly, these three trunk lines would accomplish the general purpose that might be desired to be accomplished in opening up the Alaska country. Now, supposing these people interested in the so-called "Burleigh syndicate" can construct their road without Government aid so far as the guaranty of interest is concerned, but with Government aid as to lands for terminal and other purposes, what would your company be satisfied to do in conjunction with this proposition? In other words, could there be some suggestion made here by the various interests which might eliminate a guaranty of interest? That is a long question.

Mr. FROST. Mr. Chairman, would your idea be a land grant or something of that order?

The CHAIRMAN. My views, of course, are utterly unscientific. I am asking for information.

Mr. FROST. The only suggestion that has occurred to me in aiding a railroad is a land grant or a mineral grant, and I think that we would be in just the same position that we are now; that is, we could not raise money on the lands with which to build the road. We could not use the lands as collateral to borrow on and we could not sell the lands until after the railroad was in operation. A man who goes into that country to take up land is attracted by getting twice the area of land he could get for a homestead in this country. I can not conceive of any grant or aid that this Government could give us that would help us in constructing that road except the guaranty of its bonds or a cash subsidy.

The CHAIRMAN. Yet you can see the point that is raised by the Burleigh syndicate, that they are willing to construct a road 125 miles in length without a guaranty of interest on bonds, provided they can have a grant of land for station purposes and terminals and right of way.

Mr. LLOYD. Have you seen the Burleigh bill—the perfected bill?

Mr. FROST. No; I have not.

Mr. LLOYD. It provides for a grant of 2,560 acres of the public lands instead of 60 acres, and it also provides that they may have the privilege of taking 640 acres of coal lands at a minimum price. It also provides that they shall not pay taxes practically during the construction of the road. Those are the principal points that they ask in the way of Government assistance.

Mr. FROST. We have no right to question the ability of the gentlemen who are known here as the "Burleigh syndicate" to build that road without Government aid, but I wish to state to this committee that I do not think that Mr. Burleigh or the people associated with him are any more confident to-day of their ability to build that road without Government aid than we were a year ago of building our road without Government aid. We felt confident that after we had spent a million or perhaps two millions of dollars in the construction of this road, backed up with the wonderfully rich resources of Alaska, that there would be no difficulty in financing the property.

Mr. POWERS. There are bonds now on that road that you have built, are there not?

Mr. FROST. There are \$1,450,000 of these bonds outstanding.

Mr. POWERS. That have been sold?

Mr. FROST. No. We have sold less than \$700,000 of these bonds.

Mr. POWERS. At what rate were they sold?

Mr. FROST. They were sold at \$900 for a thousand-dollar bond with a 50 per cent stock bonus.

Mr. POWERS. You purpose, in the second section of the bill, to have the Government guarantee bonds equal to the cost?

Mr. FROST. That is what the bill proposes; yes, sir.

Mr. POWERS. One of the first things that these bonds would have to provide for would be those bonds that you have sold.

Mr. FROST. The plan would be to retire all the outstanding bonds and make a new issue. The present bonds are 5 per cent, and the new issue would be 4 per cent bonds. I do not think that we could sell them at par, but close to par.

Mr. POWERS. Then the Government would assume a mortgage on the first issue of bonds. Do you think that the people holding them would exchange them for the guaranteed 4 per cent bonds?

Mr. FROST. We would undertake to make the new mortgage an absolute first mortgage on the property.

Mr. POWERS. How could you do that if there is already one mortgage on the property?

Mr. FROST. The bonds were sold mostly to people who are our customers, and our relations with them are most friendly, and every bond will be exchanged and the mortgage securing the present issue will be canceled. So that a mortgage securing the new issue of bonds would be the first and only lien on the entire property.

Mr. POWERS. I see. They are still in the hands of a syndicate that is building the road.

Mr. FROST. To a great extent; yes sir.

STATEMENT OF MR. A. C. SHENSTONE, OF THE COUNCIL CITY AND SOLOMON RIVER RAILROAD COMPANY.

The CHAIRMAN. Where do you live?

Mr. SHENSTONE. In New York City. I simply want to say to the committee that at a conference with Secretary Taft, at which Mr. Lovering, Mr. Duval, and I were present, held on the afternoon of day before yesterday, in approving the whole bill, the Secretary authorized the statement to be made to this committee that the section referring to the guaranty of the bonds at 4 per cent had been thrashed out by himself and two or three others (whose names I do not now recall) with the utmost care, and that he approved it fully; and that the only criticism he had to make concerning the bill was that he did not think that the terms were liberal enough to invite capital.

The CHAIRMAN. Permit me to interrupt you a moment. Two or three gentlemen have quoted Secretary Taft in relation to this general proposition. I believe that some gentleman stated that Secretary Taft was willing to appear before this committee in relation to this proposition. Are you prepared to state whether that is true?

Mr. SHENSTONE. I do not know that that is true. I did not hear the Secretary say that. I know that it was generally supposed that he approved the bill in detail.

The CHAIRMAN. I think that it would be an excellent idea to have the Secretary appear before the committee on the bill.

Mr. SHENSTONE. I think from the way he spoke the other day that

he would be willing to come before the committee. He spoke of the item in the bill putting the jurisdiction in the hands of the War Department, and said that of course it would be an additional burden upon the Department, but that the needs of Alaska were so great that he would be willing to assume this additional burden. He added, in this connection, that the burden would be lighter on that Department than on any other, they having more knowledge of the conditions in Alaska.

All that we seek by this general bill is the allurements of capital to that section, and the effect that we think this bill would have might be illustrated by a fact in relation to the Alaska Telephone and Telegraph Company. There was an enterprise carried on by a man and his wife at Nome, that had built about 200 miles of lines, and our representative, Mr. Duval, was up there year before last. His attention was called to the fact that the ideas of this man who started the enterprise as to the paying qualities of it had been fully sustained on these 200 miles. Mr. Duval brought the proposition back, and a corporation was formed, and it has proven to be a successful corporation. That corporation has built 500 additional miles of lines, and is still going on building, it now having a line 700 miles in length. The corporation is now paying 6 per cent annual dividends on its stock and carrying a balance to surplus. That seems to me a very fair illustration of the objects to be accomplished by the provisions of this bill.

The CHAIRMAN. Does any gentleman desire to ask Mr. Shenstone any question?

STATEMENT OF MR. JOHN E. BALLAINE, OF SEATTLE, WASH.

MR. BALLAINE. Mr. Chairman and gentlemen of the committee, in the four years that I have spent in connection with the Alaska Central Railway the question that I have had asked me the greatest number of times—the question that is always asked, and the question that it seems to me will have to be answered in the minds of the members of the committee and in the minds of the members of both Houses of Congress, as well as in the minds of all others who have anything to do with the construction of railroads in Alaska—is as to whether the climatic and agricultural conditions there are such as to support a permanent population, so that a railroad or a system of railroads in Alaska would be self-sustaining. My answer has been that the same area in northwestern Europe that would be opened by a thousand miles of railroad built from the coast to the interior rivers of Alaska contains a population of not less than 16,000,000. That population is confined between latitudes 60 and 64 degrees, including the southern portion of the Scandinavian Peninsula, all of Finland, and part of Russia. In that thickly populated belt is one of the largest cities in the world, St. Petersburg, with a population of 1,400,000. North of latitude 60 are some of the wealthiest and most progressive cities of Europe, with populations of 75,000 to 100,000, in a latitude corresponding to that of the Sushitna Valley.

The CHAIRMAN. And those cities are far inland from the Gulf Stream?

MR. BALLAINE. Yes, sir. They are far removed from the Gulf Stream. St. Petersburg is several hundred miles inland from it.

The CHAIRMAN. Is it further removed from the Gulf Stream than towns in central Alaska are from the Japan Current?

Mr. BALLAINE. Fairbanks and the country in that vicinity is only 350 miles inland from the Japan Current, and that current is just as much larger than the Gulf Stream as the Pacific Ocean is larger than the Atlantic Ocean. The consequence is that the warming influence of the Japan Current is much greater than the warming influence of the Gulf Stream. And, in addition, the outlet and inlet to the Pacific Ocean from the Arctic is so very much restricted at Bering Straits that there is much less effect from the cold waters in that region than is the case on the Atlantic side east of Greenland, so that the temperature of the waters in the Pacific Ocean is warmer than that of the Atlantic Ocean in the corresponding latitudes.

Now, taking that as a general basis, it is evident, of course, that what is done in the southern portion of Scandinavia, in Finland, and around St. Petersburg in the way of agriculture can be done and will be done some day in Alaska.

The agricultural possibilities of Alaska, however, are not going to be the immediate attraction, and yet they are attracting a great deal of attention. They are drawing, I can say truthfully, hundreds of settlers at the present time. Last year, in Seward, 64 homestead locations were filed. The Sushitna Valley is a very rich country and is easily traversed. The Alaskan Range, surrounding it like a horse-shoe, has an altitude of 7,000 to 8,000 feet, but the valley itself has a uniform altitude of 100 to 500 feet above the sea level. It is covered with forests of spruce and hemlock, with here and there openings of 1 acre to 3,000 acres covered with the rankest growth of redtop and blue-stem grass that can be found anywhere.

The general misconception of agricultural possibilities in Alaska arises from the fact that we fail to take into account one important phase of climatic conditions there in the growing season. From the middle of May until the first of October the average sunshine from the Pacific coast to the Tanana River is not less than eighteen hours out of the twenty-four. The sun in the middle of May rises far off in the northeast. Its course is not directly overhead, but in an angle some degrees to the south, and it sets away in the northwest. The consequence is that the period of growth each day during summer is not less than eighteen hours. In the locality of Washington the growth of vegetation does not exceed ten hours on the longest days. Growth in the region of Maryland and Virginia does not commence until one or two hours after sunrise, as everywhere else, and stops an hour or two before sunset. The consequence of so much sunshine in Alaska is that vegetables and grass, and everything that goes to support an agricultural population, grows rapidly and in great abundance.

The CHAIRMAN. You have just suggested an interesting inquiry. Is it true that the growth of vegetation is suspended during the night-time?

Mr. BALLAINE. It is almost entirely suspended. On a warm night, of course, it is not. On warm nights, such as they have in the Mississippi Valley—that is, on an exceptionally warm night—the growth is only retarded and not suspended entirely, but as a rule it is entirely suspended from an hour or two before sunset until an hour or so after sunrise.

Mr. CAPRON. I always heard it said when I was a boy that the corn never grew until the bears came out.

Mr. KLEPPER. I would like to submit a question on the subject of the climate of Alaska. What is the highest temperature through the summer season?

Mr. BALLAINE. Through the summer season the average heat in the Sushitna Valley, through the months of May, June, July, August and September, I should say, roughly speaking—there is no accurate data as to that—is between 70 and 80 degrees. Occasionally it goes above 100.

Mr. KLEPPER. I understand you have about five months of summer there.

Mr. BALLAINE. About six months in the Sushitna Valley. In the Tanana Valley it is about five months, and as you go farther north the summer season becomes shorter.

Mr. KLEPPER. What is the average temperature there during the winter months?

Mr. BALLAINE. On the southern coast there are very few points where zero weather is ever recorded. It may surprise you people in Washington to know this, but you can readily find by making inquiry at the United States Weather Bureau that the average winter weather on the southern coast of Alaska, at Seward, Sitka, and Juneau, is milder and more even than in Washington.

Mr. KLEPPER. How about the interior?

Mr. BALLAINE. The cold of the interior is a very dry cold. There is a range of mountains skirting the coast of Alaska, the average height of which for 200 miles west of Mount St. Elias is 12,000 feet. The height diminishes to the westward. The mountain range literally dries out all the moisture from the ocean winds. At Fairbanks they have had it as low as 68° below zero, but that kind of weather continues for only a few days at a time. The influence of the Gulf Stream extends into the Tanana Valley. When they have cold weather in that country, it is a very dry cold, and there is not a breath of air stirring. The country is protected from winds by the mountain chains.

Mr. KLEPPER. And as you go south the cold is not so intense?

Mr. BALLAINE. No, sir. You feel it some on the coast, owing to the dampness, but the temperature of the coast is much higher in winter and lower in summer than that of the interior.

Mr. KLEPPER. And this district you claim is a good agricultural country?

Mr. BALLAINE. I do not claim it. It has been demonstrated to be such by the Agricultural Department.

Mr. KLEPPER. I will ask you as to the agricultural conditions there. I may move there some time, and I want to know all about that country.

Mr. BALLAINE. I hope you may.

Mr. KLEPPER. I am a farmer, and I want to know what the winters are like.

Mr. BALLAINE. At the head of Knik Arm, 142 miles north of Seward, the Alaska Commercial Company has had a trading station since 1883, in charge of George Palmer, and in the Sushitna Valley, at Sushitna station, 20 miles above the mouth of the Sushitna River, Captain Handmore has been the agent of the Alaska Commercial Company for the last eighteen years. They have told me, and they have made a statement to the Weather Bureau to the same effect, that the lowest they have ever known it in Sushitna Valley was 55° below zero. In comparison with that, I believe it can be truthfully said

that there never has been a winter in the last fifty years that they have not had it 55° below zero in the States of Montana and Wyoming. Two years ago they had it 55° below zero in the northern part of New York.

Mr. POWERS. You read a newspaper report to that effect?

Mr. BALLAINE. Yes, sir.

Mr. POWERS. I see a report like that every few days as to the weather up in Maine, but I never saw the thermometer register more than 35° below up where I live.

Mr. BALLAINE. Probably it is a higher altitude in New York where that extreme temperature is recorded.

Mr. POWERS. I hear those reports, but I have never experienced that kind of weather. I think that it is very rare that the temperature gets down below 40° in any part of the country.

Mr. BALLAINE. It is extremely rare, even in Alaska, that it ever goes below that point.

Mr. KLEPPER. These matters about which I am inquiring I consider as of some importance. I would like to know the average winter temperature.

Mr. BALLAINE. The general average of winter weather in the Tanana country is from 10 above to 15 below.

Mr. KLEPPER. That would be the general average for the winter?

Mr. BALLAINE. Yes, sir; the general average for the whole winter. I wish to say further to the committee that I have been through this country very thoroughly, and in telling you of the character of the vegetation there and its growth I am going to make some statements that may appear absurd to you. But there are several people from Alaska present in this room who know the conditions, and the records of the Agricultural Department since 1898 are available to any member of the committee, so my statements may easily be substantiated. One of these statements is that redtop and blue-stem grasses in Alaska grow to an average height of 5 feet. That is the average height, and not the exception. It stands on the ground as thick as grass can stand. It is not a dry, coarse rye grass to which we are accustomed in the West, but a fine, leafy, succulent grass.

The CHAIRMAN. That is a spontaneous, natural growth?

Mr. BALLAINE. Yes, sir; it is a natural growth. The grass is similar to the blue grass of Kentucky. It has a growth of eighteen hours out of the twenty-four in the summer months, and its growth is not stopped until the frosts of the fall cut it off.

The CHAIRMAN. Is there any very heavy fall of snow in the interior?

Mr. BALLAINE. No, sir; not in the valleys. The fall of snow in the interior is very light. Stock lives through the winter in the Sushitna Valley, and also in the Tanana Valley, and can do better than in Wyoming or Montana.

The CHAIRMAN. What is the depth of the snow?

Mr. BALLAINE. Not to exceed 2 feet in the Tanana Valley. In the Sushitna Valley at Knik a year ago the total depth was 7 inches. That was the total fall for the whole winter. On the seacoast, where there is more moisture, the fall of snow is much greater.

The CHAIRMAN. Does this grass make hay?

Mr. BALLAINE. The very best. The horses and cattle paw the snow away and eat the grass buried beneath. A horse will live very readily all through the Sushitna Valley without any attention whatever. We

know that, because our own horses have done it. It is a matter of common knowledge that they do it. Some breeds of cattle can not live there through the winter without attention. The Durham and like breeds can not, but the Hereford would live on their own foraging. The Hereford is accustomed to doing its own foraging, being a strong, robust animal with heavy hair.

Mr. REID. Speaking of the grasses in the interior, are they used commercially to amount to anything?

Mr. BALLAINE. The grasses are used to the limited extent to which they are required. There is not much demand for anything in that line at the present time.

Mr. REID. Are the grasses cultivated?

Mr. BALLAINE. Near every mining camp the grass is cut and preserved—hundreds of acres of it.

Mr. REID. What is the character of the land on which the grass grows?

Mr. BALLAINE. The grasses grow to an altitude of about 2,000 feet above the sea level wherever there is an opening in the timber, either on sand or gravel or soil, but anywhere above that altitude, where the climate is cooler, the grass becomes shorter.

The CHAIRMAN. Do you cut the grass with mowing machines?

Mr. BALLAINE. Yes, sir. Mr. O. G. Herning, a graduate of Yale University, and the manager of a hydraulic mining plant 30 miles north of Knik, has a mowing machine. He puts up hay every year from 200 acres of ground. The land that he cuts the hay from never had any cultivation at all. It is simply an open space. He goes into it with a mower and rake and takes the grass out; that is all.

Mr. KLEPPER. What is that grass; redtop?

Mr. BALLAINE. Yes, sir; redtop and blue stem. Further, in connection with this, I will make a statement as to the height that this grass sometimes attains; not the average height of the grass, but an exceptional instance. Two years ago I went into the interior as far as the Matanuska coal fields with Mr. E. A. Shedd, well known in Chicago, a director and stockholder in the Stock Exchange National Bank, of that city. If there are any gentlemen here from Chicago they know of his reputation and reliability, and I will refer you to him for confirmation of the story that I am about to tell you.

I had told Mr. Shedd of the growth of vegetation in Alaska, and, like others, he was unable to comprehend the possibilities of the country, because he had a misconception of the climatic conditions there during the growing season. In our trip up the Matanuska Valley to the coal fields we came upon a clearing of about an acre of land, and I never saw grass grow as it did on that particular acre. It probably had been a rendezvous for moose, and may have been manured in this way, but it was an exceptional growth. I asked him to stop his horse and raise his hand above him. He did so, and found that the grass grew to a height above the tips of his fingers.

The CHAIRMAN. Was he sitting on a horse?

Mr. BALLAINE. Yes, sir; sitting on a pony. That grass grew to a height of not less than 8 feet. It was not scattered or coarse grass, but was an even field of redtop and blue stem, as thick as grass could stand on the ground.

The CHAIRMAN. You say that the average height of the grass is 5 feet?

Mr. BALLAINE. The average height is about 5 feet. I know that this statement is a very remarkable one and that it is hard to believe, but you can verify it by calling on Professor Gorgenson, in charge of agricultural experiments in Alaska for the Government. He is here in Washington at the present time. You may also confirm this statement by communicating with Mr. Shedd.

Mr. COLE. Is that grass good for winter feed?

Mr. BALLAINE. If it is cut and cured before frost. It loses its strength if left standing after frost.

Mr. COLE. It raises one crop a year?

Mr. BALLAINE. Yes, sir; one crop a year. The average yield of that grass is not less than 3 tons to the acre. There are some spots of from 1 to 5 acres that will give as high as 10 tons to the acre. As much grass can be gathered from 1 acre of ground in the Sushitna River Valley as is gathered from 3 acres in our Northern States.

Mr. KLEPPER. You cut the grass once a year?

Mr. BALLAINE. Once a year; yes, sir.

Mr. STANLEY. How much of this territory is covered by this grass?

Mr. BALLAINE. It grows wherever there is an opening in the timber all through the Tanana and Sushitna valleys.

Mr. BEALL. Do agricultural products grow there?

Mr. BALLAINE. Yes, sir; wheat, rye, and barley, and almost every kind of vegetable.

The CHAIRMAN. Wheat does not grow there, does it?

Mr. BALLAINE. Yes, sir. The United States experiment station at Rampart has grown and matured wheat. The ordinary little club wheat does not mature in that country. It has to be a variety of wheat adapted to the climate. What we know as Russian club is the best for Alaska, so far as known.

Mr. STANLEY. How much wheat grows to the acre up there?

Mr. BALLAINE. From my experience in wheat raising—and I grew up on a farm—the wheat that I have seen in the Sushitna Valley, at the head of Knak Arm, yields as abundantly as our wheat in eastern Washington—30 bushels to the acre. It is of course a larger yield than you are accustomed to in the East.

In Alaska the cost of supplies is so great that agricultural occupation has been impossible, except to supply the local markets. Around Fairbanks, Dawson, Rampart, Sitka, Knik, and Seward they grow all kinds of vegetables for the local market, and even around Nome, on the Bering Sea, vegetables are grown to a limited extent. Nome is influenced more by the arctic conditions than southern and central Alaska. When I speak of these central valleys I do not mean to imply that their favorable conditions exist over the whole of Alaska; they do not. Alaska is almost as large as the entire United States east of the Mississippi River, and its climatic conditions are just as varied. The northern parts of Alaska are influenced by the Arctic Ocean and the southern and central by the Japan Current.

The CHAIRMAN. From what altitude is the country perpetually icebound?

Mr. BALLAINE. No part of Alaska is perpetually icebound except in the mountains. The mountain ranges are perpetually covered with snow for two thirds of their height or more.

The CHAIRMAN. I refer to the ordinary level.

Mr. BALLAINE. There is no part of Alaska, outside of the mountain ranges, that is perpetually covered with ice. The ground is frozen perpetually in parts, particularly the west and north, and where it is covered with moss so that the sunshine does not get through; but in the Sushitna Valley and in much of the Tanana Valley the ground is no more perpetually frozen than it is in Washington City.

Mr. COLE. Can a vessel get around Alaska into the Arctic Ocean in the summer time?

Mr. BALLAINE. Oh, yes.

Mr. KLEPPER. From what you know of this valley it would be your judgment that as soon as this road is built through there it would be settled by homesteaders?

Mr. BALLAINE. There is not the slightest doubt about it. Scandinavians and Americans from the Northern States would go in there in great numbers and find conditions much more favorable than those to which they had been accustomed in their native climates. Scandinavians are now making a success of agricultural pursuits on the seacoast and the interior. Among the homesteaders who made entries when we started the Alaska Central Railway were William and John Nelson, Norwegians. They proceeded to put up 10 acres of hay at Seward for their horses by simply planting a couple of stakes 20 feet apart, tying poles from one stake to the other, and throwing the grass over the poles, leaving an air space between poles. They put up 20 tons, and every bit of it was fed without becoming musty. On the coast line they have difficulty in curing hay, owing to the dampness, but in the Sushitna Valley, where the sunshine is plentiful, hay is readily cured.

Mr. LLOYD. What about the water supply in the Sushitna Valley?

Mr. BALLAINE. We have sufficient rainfall for all kinds of vegetables and agricultural products.

Mr. LLOYD. Is there ample supply for the homes?

Mr. BALLAINE. There are a great many mountain streams.

Mr. LLOYD. Can you get living wells?

Mr. BALLAINE. Oh, yes; anywhere.

Mr. LLOYD. How deep do you go?

Mr. BALLAINE. In most places 15 or 20 feet, I should say. There is a plentiful supply of running water, and I never knew a well to be dug in the country.

Mr. LLOYD. What kind of water do you get—subterranean?

Mr. BALLAINE. Yes, sir; subterranean.

Mr. BEALL. Do vegetables grow large?

Mr. BALLAINE. Potatoes do not do well on the coast on account of too much moisture. All other vegetables thrive wonderfully on the coast. In the interior, where they have a drier climate, I never saw such vegetables, and potatoes of the best quality grow in every interior valley.

Mr. BEALL. Do any kinds of fruit grow there?

Mr. BALLAINE. It is my judgment that hardy apples will grow as well in the Sushitna Valley as they do in New York. Pears, peaches, plums, and cherries will not grow there, I believe. They have native fruits of many kinds, and berries grow wild in such profusion as can scarcely be equaled. When Mr. Shedd and I were riding up the Matanuska Valley, we saw currant bushes with currants, red ones, as large and

plump as the largest of our domestic varieties. The bushes were 5 and 6 feet high. They carried larger clusters of fruit than any others I ever saw. They are a third larger than the average of the domestic currant. Farther north they get smaller. It was the 10th of August when we were passing up this valley. I mention the date, the 10th of August, to show you the time they mature. They were then ripe and had been for a week, yet they had five weeks' more of growing weather. Gooseberries, strawberries, raspberries, and every other kind of berry grows wild and more profusely than berries in this latitude.

Mr. COLE. Will corn grow there?

Mr. BALLAINE. No; to mature corn requires warm nights. They have raised some around Dawson for roasting ears. We do not raise corn successfully anywhere on the Pacific coast, owing to cool nights.

Mr. COLE. Does wheat grow there?

Mr. BALLAINE. It grows rankly, having a tendency to go to stem and leaf.

Mr. LLOYD. Would it be troubled with rain storms?

Mr. BALLAINE. If there should come a heavy rain, accompanied by a windstorm, it would be apt to beat down a heavy crop, just as it would anywhere else.

Mr. LLOYD. The people have a local market?

Mr. BALLAINE. Everything that can be grown there is sold at high prices. That is one feature in favor of agricultural development in Alaska. The miners in Alaska will take every pound of vegetables, fruit, and meat that can be produced there. Everything in the way of provisions has to be shipped in at the present time. Some places in the interior provisions cost ten times as much as at Seattle.

Mr. KLEPPER. They raise wheat at the experimental stations?

Mr. BALLAINE. At every one. They also have samples of wheat growing round Seward and all mining settlements. Messrs. Palmer and Herning have all kinds of grains growing in their gardens on Knik Arm to show what can be done there.

Mr. REYNOLDS. You have been speaking more particularly of the Sushitna Valley. What other portions of Alaska do you consider fit for agriculture?

Mr. BALLAINE. From all I have heard I believe the Tanana Valley, the Copper River Valley, and the Kuskokwim Valley are adapted to agriculture and stock growing.

Mr. REYNOLDS. How large is the Tanana Valley?

Mr. BALLAINE. It is 40 miles wide and 400 miles long. The altitude is about 700 feet.

Mr. REYNOLDS. How large is the Copper River Valley?

Mr. BALLAINE. The Copper River Valley averages about 40 miles each way.

Mr. REYNOLDS. How large is the Sushitna Valley?

Mr. BALLAINE. An average of 150 miles long, north and south, by 100 miles wide.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Monday, February 19, 1906.

STATEMENT OF MR. JOHN E. BALLAINE—Continued.

Mr. BALLAINE. Mr. Chairman and gentlemen of the committee, my remarks the other day were devoted to the agricultural possibilities of Alaska as applied to supporting a permanent population. I think that I covered that ground as fully as the committee desires, but in the way of corroborative evidence of what I said at that time I will call the committee's attention to the fact that the Agricultural Department has been making experiments there for the last several years. These experiments have demonstrated that agriculture can be carried on in Alaska as profitably as in any of our Northern States—not in all parts of Alaska, but in the valleys of the central and southern portions. I had occasion recently to visit the Secretary of Agriculture, and we discussed this point. I mentioned to him the valuable work of the Agricultural Department in demonstrating what Alaska can do in an agricultural way. In reply he voluntarily wrote me a letter, expressing his views of agriculture in Alaska. I think it is a very important expression, for it is from the best authority we have on the subject. Mr. Wilson says, in part, in his letter to me under date of February 17:

The day will come when your railroad will get more money from carrying agricultural products and what grows out of that business than it will from carrying the products of the mines. There is a great future for Alaska along agricultural lines. The Scandinavian peninsula has been for a thousand years of necessity an agricultural country.

In 1898 the War Department and the Geological Survey sent out several expeditions to explore routes from the coast to the interior and to investigate the resources of Alaska, mineral, agricultural, and timber. Mr. G. H. Eldridge, of the Geological Survey, was a member of one of these parties. On page 24 of his report, submitted in 1898, Mr. Eldridge says:

In many localities in the Sushitna Valley native grasses, including the blue stem of the Northern States, grow profusely. There are rich meadows of native hay. At Tyonek rye and oats grew to full head last season, the grain having been dropped along the gravelly beach by prospectors early in May.

To you who are at all familiar with agriculture this statement will appear very remarkable—that oats simply dropped on the beach in May should, uncultivated, grow to full head and maturity. It is very extraordinary for volunteer grain to grow anywhere except under the most favorable conditions of climate and soil, and yet this grew to full head after simply having been dropped on the beach.

The CHAIRMAN. How long did it take for the oats to mature?

Mr. BALLAINE. This was dropped in May. The oats, barley, and wheat that I have seen matured in the Sushitna Valley came to maturity about the 15th of August, a little later than it does in Dakota. Minnesota, or Washington—about three weeks later; but it comes to maturity so early in the season that there is no danger of its being ruined by early frosts, particularly in the lower altitudes, for the committee will bear in mind that altitude in Alaska, as elsewhere, has a great influence on the climate. Grains in the central valleys below the 1,000-

foot altitude will mature every season, but above the 1,000-foot altitude there is danger from early frosts.

The CHAIRMAN. What is the altitude of the Tanana and Sushitna valleys?

Mr. BALLAINE. The average altitude of the Sushitna Valley is from 100 to 500 feet, and that of the Tanana Valley is 700 feet at the northern terminus of the Alaska Central Railway.

The CHAIRMAN. Are there agricultural possibilities in the Copper River Valley?

Mr. BALLAINE. It will be a stock-growing region. It has an altitude a little too high to be entirely free from early frosts. The Copper River Valley is evidently the bed of an old lake. The main part of the valley is about 1,500 feet above the sea level. The Copper River itself and other rivers have cut through the bed, in some places having channels from 300 to 700 feet in depth; but the average floor of the valley is 1,500 feet above sea level. Grasses grow as rankly there as in the Sushitna Valley, and it will be just as profitable a stock country as that valley. I have no doubt that some varieties of barley will mature in the Copper River Valley. They may be able to mature the very hardy variety of wheat called "Russian Club."

The CHAIRMAN. What do you say of the country west of Eagle?

Mr. BALLAINE. It is pretty far north.

The CHAIRMAN. As to altitude, I mean.

Mr. BALLAINE. At the American boundary it is about 1,000 feet. It is less than 900 feet generally in the Yukon Valley on the American side. It is similar to the Tanana Valley, only farther north, and less favorable to agricultural development. It is heavily timbered, covered with grass, and in the summer season has a very good climate.

The CHAIRMAN. The altitude as you go west from the Canadian boundary is less?

Mr. BALLAINE. Yes, sir; less all the way. But after crossing about two-thirds of the way—that is to say, about 300 miles above the mouth of the Yukon River—you come under the direct influence of the Bering Sea, and consequently experience a marked difference in climatic conditions and the quality of vegetation. You pass out of the timber belt, and from that region westward the country is comparatively barren. There is no timber on the Bering strip, except here and there a little scrub timber. The ground there is covered with moss as a rule. The Tanana Valley, of all the interior valleys, is the most promising from an agricultural standpoint, next to the Sushitna Valley. It is an exceedingly rich valley. United States Judge Wickersham, who has lived in that region for several years, and is a man of most excellent judgment, addressed the Seward Chamber of Commerce last winter on the subject of the resources of interior Alaska. In describing the Tanana Valley, the judge said in his address:

The Tanana region is big enough and rich enough for a great State. There is a valley 300 miles long by 50 wide, with a soil of remarkable fertility, besides the most marvelous mineral area ever discovered on this earth. Its mineral resources seem almost inexhaustible, and everywhere the prospector bores in he finds deposits similar to those first discovered.

The Tanana has a magnificent, bracing climate, no colder than the climate of the Northern States, and it is extremely healthful. It is well adapted to stock raising, and the small grains grow well there. All kinds of vegetables thrive wonderfully. The soil is deep and black.

While the agricultural possibilities of these interior valleys—the Sushitna, Copper River, and Tanana valleys, and also the Kuskokwim Valley, one of the largest of the Alaskan valleys, but of which little is known at this time—are capable of sustaining an agricultural population as large as that of the Scandinavian Peninsula, Denmark, Finland, and the country in Russia north and west of St. Petersburg, yet the immediate development will be along mineral lines. Agricultural occupations will be confined to supplying the home markets, which, of course, are the richest markets, because they are the highest priced. The amount of canned goods—such as corn, tomatoes, peaches, pears, and everything of that kind—shipped into Alaska runs up into the hundreds of thousands of dollars in value every year, and by the time these goods get into interior Alaska the price is two or three times as high as in the home market from which they started.

As I said, the resources of Alaska to support a railroad or railroads for the immediate future will be mineral, and the agricultural resources will be secondary, great as they are. If the mineral resources of that Territory are given an opportunity to develop by railroad building, they will have a bearing on the prosperity not only of Alaska and the Pacific coast, but on the prosperity of the whole of the United States.

Alaska has probably been subjected to greater volcanic action than any other part of the American continent, and it is by volcanic action primarily that mineral deposits are made. The gold, copper and tin deposits of Alaska I believe exceed in extent and richness the deposits of the same kind of minerals in all the rest of the United States together. The whole mountain system of Alaska is volcanic. The mountain range from Mount St. Elias west to the Copper river has an average altitude of 15,000 feet, and the most of it has been thrown up by volcanic eruption. The interior mountain range, called the Alaska Range as distinguished from the Coast Range, has an altitude of about 8,000 feet, and this is volcanic also.

Mr. LLOYD. You mean the result of volcanic action?

Mr. BALLAINE. Yes, sir; very largely. Some mountain systems are caused primarily by the crumpling of the earth, or by gradual uplifting.

Mr. LLOYD. Are there any open craters in that section?

Mr. BALLAINE. There are open craters where volcanoes are in action.

Mr. LLOYD. Where are they?

Mr. BALLAINE. Most of the active volcanoes now are along the Aleutian Peninsula. There are something like 11 in that region. One, Redoubt, is on the west side of Cook Inlet, and another, Mount Drum, is in the Copper River country.

Mr. LLOYD. I understood you to say that there were some in the interior.

Mr. BALLAINE. Mount Drum is in this locality [pointing to map].

Mr. LLOYD. Are there any others in the interior? The reason I ask you about this is that this part of it is new to me.

Mr. BALLAINE. None excepting the ones on the Aleutian Peninsula.

Mr. LLOYD. I knew there were some in the Aleutian Peninsula.

Mr. BALLAINE. I think those I have mentioned are the only ones in action at the present time. In consequence of this great amount of volcanic action the mineral deposits are more extensive than in any other equal portion of the world. Following the volcanic action came a very heavy glacial grinding. In these mountain ranges the snowfall

has been heavy, and consequently in our past glacial periods the glacial erosion to which Alaska was subjected in the mountain regions was greater than in any other part of the continent. In every part of the mountain system the paths of glaciers are still visible on the sides of the mountains. The mountains have literally been ground to powder and gravel by these glaciers. As they melted away they left gravel beds, and in that gravel is the placer gold. These are the reasons why the placer fields of Alaska are greater than any that have ever been discovered in any other part of the world. The statement has often been made by miners in Alaska that it is possible to get colors in every stream in the Territory; not always colors in paying quantities, however. There are large areas where colors are obtained, though not in paying quantities; but in many of the districts they find gold deposited in richer quantities than ever was found in Australia or California.

At the present time the newest district is the Kantishna. They have taken out as high as \$1,500 to the man in that district. Another recent discovery of great promise is on the south slope of Mount Foraker, south of the Kantishna district. The gold in both of these districts is the result of glacier grindings, and was deposited through ages and ages of work by nature's stamp mill, and yet in all that rich district only the cream of it is possible to be worked under existing conditions of adversity. Along the streams, where navigation is easy, where freight can be landed at a reasonable cost, the ground as low as \$10 a day per man is being worked. Farther back it is impossible to work ground that pays less than \$20 to the man, and still farther it is impossible to work at any cost, due to the almost impossible obstacles to overcome without railroad transportation. You yourselves might readily imagine the conditions which there exist if you would picture this country between Washington and Philadelphia to be very mountainous, heavily timbered, grown up with a thick underbrush of alders, through which you would have to carry your machinery on your back, and all of your supplies on your back, or probably on the back of a horse, or of a dog in the winter time. You can see that your time would be occupied for two months in getting a very scant supply of provisions into the field, which would probably last you five or six weeks, and then, on account of the impossibility of working in the winter time without machinery, you would have to get out before winter set in. That is a glimpse of the general condition in Alaska. No matter whether you could get \$5 a day per man or \$500 a day per man ground far in from a base of supplies is impossible to work with profit; only railroads will open it.

The CHAIRMAN. Are these mountain fields in higher altitudes than the agricultural fields you have mentioned?

Mr. BALLAINE. The placer fields are in the foothills of the mountains. The lower valleys are, as a rule, not mineral producing.

The CHAIRMAN. I was trying to get at the different properties in the climate as affected by altitude?

Mr. BALLAINE. The copper deposits usually occur above the 3,000-foot altitude. A few of them are right on the seacoast, but most of the rich copper deposits are as high as 3,000 feet in altitude. The placer gold deposits are mostly below the 3,000-foot altitude. They have been ground down and deposited in the valleys of the foothills.

Under these extremely unfavorable conditions the gold output of

Alaska last year was \$18,500,000. The limit of ground worked was so small that it can scarcely be called scratching over the productive area. Gravel that will pay from \$2.50 to \$5 per day per man by the pick and shovel process—thousands and thousands of acres of it all through these interior valleys, the Susitna, the Copper River, the Tanana, and the Matanuska—is not worked at all. Many paying streams that are known but simply passed over would be worked by hydraulic if machinery could be got into the country and worked in a way that would turn out \$20, \$40, or even \$50 a day per man. But to get the machinery in requires more than a dog team, more than a horse hitched to a sled. Nothing but railroad transportation will do it.

I will give the committee an illustration of developments that have already taken place in two particular instances in consequence of railroad building, to show what would come and what will come with railroad building all through the territory. Prior to the 1st of August last little was known of quartz deposits anywhere in Alaska back from the seacoast, except in the most careless manner, because nobody had ever prospected for quartz away from the seacoast. But last summer several prospecting parties started out to locate quartz properties in the Kenai Peninsula along the line of the Alaska Central Railway. A couple of men who had been employed on the Alaska Central grade stumbled upon a ledge of quartz on a mountain side, 3 miles east of the railroad. The ledge outcropped in heavy timber. Part of the ledge was overgrown with brush, and grass covered some of it. The discoverers sent samples to Seward and Seattle for analysis. The result was \$1,600 per ton from the samples assayed.

Agents of San Francisco capitalists were immediately sent to the field to investigate, and their investigations verified the richness of the quartz. The San Francisco capitalists put men and money into that ledge without delay, and I was told in San Francisco within the last fifteen days, by one of the men directly interested in supplying the money and developing that particular property, that it appears to be one of the most remarkable quartz properties ever discovered on the continent. He told me that some parts of that ledge would run as high as \$1,500 and \$1,600 to the ton, and that he believed the average would exceed \$100 to the ton. They have now traced the ledge 3,000 feet through the timber. It is 24 feet wide and very easy to mine. They are now preparing to ship from 100 to 500 tons a day, beginning this summer.

Mr. LLOYD. How far is that from the Alaska Central road?

Mr. BALLAINE. Three miles east of it and 26 miles north of Seward. This is one sample of the direct results following railroad building in Alaska.

Mr. LLOYD. They have already built up to that point?

Mr. BALLAINE. The road is in operation to mile 45 at the present time.

Another case is in a placer field on the north shore of Turnagain Arm. Some prospectors had located a property on Crow Creek in 1898, but had abandoned it because they could make only from \$2 to \$2.50 a day by the shovel process. As soon as the Alaska Central Railroad started they relocated and commenced working it. They succeeded a year ago in getting a small hydraulic outfit put into it. Seven men last year took out \$75,000. Mr. Purinton, very well known as a mining engineer in this country, was sent out from Denver to

measure the possible gold production in the Crow Creek Valley. He makes the statement that measurements already made, coupled with results obtained from the small workings, warrants the belief that Crow Creek Valley, 4 miles long, contains not less than \$125,000,000 in gold. But it must be worked, of course, by hydraulic means. He also makes the statement that that stream can not be worked out in the next thirty years, and that other streams in the same region, notably Bird Creek, Indian Creek, and others near by, appear to be just as rich in gold, but that they, too, can be worked only by hydraulic. To get hydraulic plants in at practicable cost, a railroad is necessary.

As showing the stimulus given to mining generally by railroad building, I will mention that when the Alaska Central Railroad was first projected the Tanana Valley was known in a general way as being promising for mineral development, but the development had not commenced and did not commence until a year after the Alaska Central road was projected, and then prospectors began to go in, anticipating the building of the road to that district. The discoveries that they made in the Fairbanks country are traceable directly to the prospects of the Alaska Central's building. Last year the Tanana district produced from \$6,500,000 to \$7,000,000. The placer fields now known in Alaska, and being worked in a small way, are indicated on this map by the yellow spots [referring to small map], and the output from these districts last year was \$18,500,000. With railroad transportation such as this bill now before you would provide, say 1,000 miles or 1,200 miles of railroad in Alaska, tens of thousands of square miles of mineral land—copper, quartz, and placer—would be brought into the working list; and instead of \$18,500,000 a year the output might just as easily be \$75,000,000 a year or \$100,000,000 a year. The only limitation would be placed by the number of men that could get in, the amount of provisions that could be taken in at a reasonable cost to feed them, and the facilities for getting machinery economically into the fields.

The output of South Africa at the present time is something in excess of \$100,000,000 a year. Alaska is capable of producing more gold than South Africa possible can produce, and it will continue to produce it when our great-grandchildren are gray-haired. The stimulus that would be given to business not only in Alaska and on the Pacific coast, but everywhere throughout the United States, by the addition of \$50,000,000 or \$75,000,000 or \$100,000,000 of gold to the annual money supply of the United States needs no comment. It is so self-evident that it seems to me that the great benefits accruing are apparent to everybody. In that respect the bill by which the Government would guarantee the bonds on this small amount of railroad becomes of national importance. It is a great deal more than local importance. It means something to the people of the New England States, and of the Southern States, and of the Middle States, as well as to the people of the Pacific coast and of Alaska.

The CHAIRMAN. The committee has been very much interested in what you have had to say. I do not know that you have finished, but I simply want to make an inquiry at this point. Suppose it should be certain that a railroad would be extended from Seward to Fairbanks, and from thence to Rampart, without Government guaranty of interest on bonds, and that another railroad would be extended, without Government guaranty of interest on bonds, from somewhere near

the mouth of the Copper River northward to Eagle City, upon the Yukon, and suppose that eventually the region of the Tanana Valley be tapped by the construction of these railroads, and through the survey proposed by Major Richardson before this committee a railroad should be projected westward along that trail survey to the Nome country, would such trunk lines be sufficient to open up the resources of Alaska in a preliminary way?

Mr. BALLAINE. Most assuredly they would. They would demonstrate the resources of Alaska sufficiently to attract capital there in great abundance.

The CHAIRMAN. Does any gentleman of the committee desire to ask Mr. Ballaine any questions? I do not mean to interrupt you, Mr. Ballaine, if you have anything further you wish to say to the committee.

Mr. BALLAINE. I wish to impress on the committee that this project is not of local importance alone, but that it affects the whole of the United States—the welfare of all the people in every part of the country.

On the Pacific coast we are particularly deficient in good coal. We have there nothing now available but a very inferior bituminous coal, most of it confined to the State of Washington. The best of our Washington coal runs 54 per cent in fixed carbon. The United States Navy does not use it. Practically all of the coal used by the United States Navy on the Pacific coast is imported from Wales. It probably would be taken from the Pennsylvania fields were it not that the rate is much cheaper from Europe, because vessels going from Europe to Puget Sound for grain load with Welsh coal as an outward cargo. It is very convenient for them to bring coal as ballast. The United States Navy consumes on its various Pacific stations about 100,000 tons of coal per annum. The amount varies according to the number of vessels maintained, but it averages about 100,000 tons per annum for all purposes, and the average cost is above \$12 per ton. Sometimes the price goes as high as \$14 per ton. The United States spends for coal alone on the Pacific more than \$1,000,000 a year. Some of the coal used by the trans-Pacific lines of commercial steamers is brought from Australia. It is higher grade than that of Washington or Vancouver.

In the central part of Alaska are the only coal fields known on either the American or the Asiatic side of the Pacific of the best grades of steaming and coking coal. The fields extend for 250 miles north and south from the Matanuska Valley into the Tanana Valley. The outcrops are traced for 40 miles east and west, where they stand in large veins visible to the naked eye. No development is necessary to determine the extent of the veins. Analyses of these coals made by the Geological Survey and by experts from Pennsylvania show 78 per cent in fixed carbon at a depth of 50 feet from the mouth of tunnels. The volatile matter is sufficient to make it a free burner. It is low in ash and practically free from sulphur, so that it is in every respect equal to the best Pennsylvania steaming and coking coal. The opening of these coal fields would mean to the United States Navy not less than \$1,000,000—not a saving of \$1,000,000, but that much money kept at home. It would mean much more, of course, when the Panama Canal is constructed, as a large part of the trade that now goes through the Suez Canal will pass through the Panama Canal, and important coaling stations will be maintained at San Francisco and Honolulu for the steamers using the Panama route. To the Treasury of the United

States at the present time it would mean a saving of \$500,000 a year, the difference between the cost of the Welsh coal and the cost of Matanuska coal landed at Seward. The coal could be landed at Seward from Matanuska at \$7 a ton in large quantities, with a profit left for the operators and with higher wages paid to the miners than are paid to miners here.

The CHAIRMAN. Do you know what coal they have at Sitka?

Mr. BALLAINE. Welsh coal. The United States Navy, on the Pacific, uses Welsh coal altogether.

The CHAIRMAN. What price do they pay?

Mr. BALLAINE. It runs from \$12 to \$14 by the time it is placed in the coal bunkers.

The CHAIRMAN. How much coal does the Navy have to use in the course of a year?

Mr. BALLAINE. The information I have is that the average on the Pacific Ocean is 100,000 tons a year. It varies greatly according to the number of vessels in commission and the work done at navy-yards. The number of vessels on the Pacific is constantly increasing, and the consumption of coal will correspondingly increase.

The CHAIRMAN. I understand that the Washington coal is not used by the Navy.

Mr. BALLAINE. No; it is too low a grade. It has 54 per cent of carbon and is high in ash. It also contains a great deal of sulphur.

I think it is not necessary to dwell upon the copper deposits of Alaska. They are extensive and very rich.

One more point I wish to make is with reference to the value of trade with Alaska and the benefits that different portions of the country derive from it. The commerce of Alaska is distributed to all portions of the United States. I say that to emphasize that all portions of the country are sharing in the development and prosperity of Alaska, and to show that we all will share in the greater development resulting from railroad building.

The collector of customs of Alaska has recently transmitted his annual report for 1905 to the Bureau of Statistics. In the report he says that the commerce of Alaska last year increased by \$3,707,255; that is, the value of goods imported by Alaska in 1905 was \$3,707,255 greater than in 1904, and in 1904 it was \$2,052,792 greater than in 1903.

Under the greatest possible disadvantages of transportation Alaska had a gold output of \$18,500,000 in 1905, and we sold to Alaska \$14,500,000 worth of goods. Those goods did not all come from Seattle or from the Pacific coast, but from every part of the United States—North, East, South, West, and from the Middle States. The South alone supplied in cotton goods and manufactures \$458,754 to Alaska. It shipped in sugar and molasses \$315,545 and in tobacco \$687,961. The New England States supplied boots and shoes and leather goods to Alaska to the value of \$313,296. The rubber goods used by Alaska in 1905 came mostly from New England and amounted to \$273,340. The woolen goods, almost wholly from New England, amounted to \$718,125. The Middle West supplied in breadstuffs \$680,848, and Pennsylvania and Ohio and Illinois supplied in iron and steel manufactures, such as mining machinery, etc., \$2,626,631.

The Pacific coast, which is commonly supposed to be the direct beneficiary of the development of Alaska, in fact supplied as the primary market the least in point of value. These goods, of course, passed

through Puget Sound and other Pacific ports, but they did not all originate there. The money that paid for them went to the producers and manufacturers in New England and Pennsylvania, Ohio, Illinois, and the Southern States.

I mention this particularly and somewhat in detail because it is commonly believed, though erroneously, that anything tending to encourage railroad building in Alaska would be local in its effects and benefits.

The CHAIRMAN. Will you give approximately the distance from Valdez by the coast to Seward?

Mr. BALLAINE. It is 160 miles the way the steamers run.

The CHAIRMAN. That is on the coast line?

Mr. BALLAINE. The coast line in that part of Alaska is very much indented. Some of the channels extend 100 miles inland.

The CHAIRMAN. Could you give the approximate distance from Eagle across to Fairbanks?

Mr. BALLAINE. As travel goes it is about 600 miles. On an air line it is less.

The CHAIRMAN. Have you anything further to say?

Mr. BALLAINE. One more remark as to the popular support that would be given to a measure granting aid to railroad building in Alaska. With the showing made, I think it is safe to say that the Government would never be called upon to pay one penny of interest on these bonds. With the building of railroads immigration to that Territory, as has been shown time and time again by the opening up of our new country in the West, will be so great that the railroads will literally be swamped with more business than they are prepared to handle.

It is impossible at the present time to convince investors of these conditions, but if the United States will guarantee the interest on bonds, that guarantee will make them readily saleable at par, or practically so. Railroad building then will be a certainty, and the consequent development of Alaska will enable these new railroads to earn substantial profits. Money will be forthcoming for the building of other railroads and the development of mines, and the benefits accruing will extend all through the United States. It will be felt appreciably in every part of the country.

It seems to me from what I know of sentiment in the West, particularly in the agricultural regions, that no objection would be raised against such action by Congress, but, on the contrary, that general approval would be given it. I am familiar with the sentiment growing out of land grants to the Pacific railroads, particularly those to the Northern Pacific, Union Pacific, and Southern Pacific. I was reared on a farm within the limit of one of those grants, and in all of my experience I never have heard one word of criticism against the action of the Government in bestowing those millions of acres of valuable land to aid in the building of the Pacific railroads. The criticism has always been directed against the abuses growing out of those grants—where scheming, dishonest men defeated or attempted to defeat the purpose of the grants. On the contrary, I have heard nothing but commendation of the Government on the aims, purposes, and achievements of the grants.

That being the case, it seems to me that in view of the developments certain to follow the building of railroads in Alaska through aid granted

by guaranteeing the interest on a limited amount of bonds would meet with popular favor and approval in every part of the United States.

The CHAIRMAN. I will say, Mr. Ballaine, that you have brought out several important features new to the committee, and we have appreciated your remarks very much.

STATEMENT OF MR. W. B. POLAND, CHIEF ENGINEER OF THE ALASKA CENTRAL RAILROAD COMPANY.

The CHAIRMAN. Where is your home?

Mr. POLAND. I have been in Alaska since I was first engaged with this enterprise, and I presume I may say that my official residence is at Seward, Alaska, now.

In listening to the addresses that have been made to you I have not heard very much said about the actual physical conditions that confront railroad construction in Alaska, and it may interest you to hear a brief outline of the investigation that I made at the request of Mr. Frost, president of the Alaska Central Railroad Company.

I went to Alaska in the fall of 1904 for the purpose of looking over the proposition from the standpoint of a construction engineer and an operating railroad man to see whether the route was feasible, what had been accomplished by those previously interested in the enterprise, and if the route proved to be feasible whether the construction would pay expenses and be a good investment. In making the investigation I was accompanied by one or two men who thought they might become interested in the road, and who made with me a very careful investigation of the industrial possibilities of that Territory from a financial standpoint.

We went over the White Pass and Yukon Railway to the interior, studying its conditions as to construction, operation, and revenue, then up the coast and visiting the principal harbors on the way. This was rather late in the season—about October and November—and showed winter conditions of the coast. We went up Cooks Inlet into the interior 150 miles and came out on the proposed line of this railroad. The original company had spent about \$96,000 for preliminary surveys and had run a line from Seward on Resurrection Bay to the Tanana Valley in the vicinity of Fairbanks. The surveys they had made were rather crude, they being reconnoissances pure and simple, and while not reliable from an engineer's standpoint, were sufficient to demonstrate that the route was thoroughly practicable and that it would not be prohibitive in cost. The first 100 miles had received a little more careful attention from the surveying parties.

After determining by that trip over the most difficult part of the road by the surveys which were on file and by discussing the country and the conditions with the engineers and with many others I decided that the route was perfectly feasible.

Mr. LLOYD. Have you been over that route yourself?

Mr. POLAND. I have been over about 150 miles of it, and the rest I know by accurate surveys and reports of our engineers. The 150 miles I have been over is the difficult portion of it. The balance is over a more or less rolling country, and presents no difficult features. All roads running from the coast to the interior have essentially similar conditions. Crossing the coast range of mountains is the difficult part of the work. After that it is merely a question of building, at

times, over unfavorable ground, marshes, fair-sized rivers, etc. There are no engineering difficulties to be overcome.

After determining that the construction was feasible, the next consideration was whether the road could pay fixed charges and a fair interest on the stock.

On that portion of the investigation of the project we spent a good deal of time. My conclusion was that there has never been a railroad enterprise of that magnitude presented to capital for investment that offered such assurance of success as this line from the coast to the interior did. Everywhere we found that the whole development of the region depended absolutely on having railroad transportation in there, and everywhere we found the greatest demand for a railroad. Men told me almost with tears in their eyes of the vast resources of that interior country, and usually of their particular claims, if they could only get to them, and that there was no other possible way of getting supplies or equipment into the country.

After making a favorable report the gentlemen who were interested decided to go ahead with the enterprise, and I was sent up to take charge of the work. The first thing, of course, was to obtain accurate information of the country, and we sent out field parties, who covered the entire line from the interior to the coast. Our line is now located accurately for 250 miles from Seward, and the balance of the line is determined. There has been about \$240,000 spent in surveys alone by the present company since the 1st of January, 1905. This includes both surveys and the engineering necessary in carrying on the work. In addition to this there was spent about \$96,000 on surveys by the original company.

I would say that the cost of surveying in Alaska is something tremendous. To equip a party of 15 men, which is the least number required, costs about two to three thousand dollars; the running expenses will amount to \$1,800 per month; so that the total cost of a surveying party can be ordinarily stated at \$10,000 for a season of four months.

We have completed 45 miles of road. The rails are laid and the road is in service so far as carrying construction material is concerned. In one sense the road is not in operation, because the Government of the United States, instead of aiding railroads in Alaska, has placed a tax of \$100 per mile upon all lines operated, and we did not think at the present time that we would be able to pay that tax out of revenue. We are hauling supplies for the people for nothing, feeling this was cheaper than to pay the Government tax of \$100 per mile.

Mr. POWERS. I understood a bill was introduced to relieve one railroad company from that tax. I think that tax is all wrong.

Mr. TURNER. We have a bill prepared for that purpose.

The CHAIRMAN. What is the general purpose of that tax?

Mr. POLAND. That was a provision of the general railroad act of 1898.

Mr. LLOYD. It was imposed when we passed the Alaskan code. We simply incorporated the Oregon law on that point.

Mr. POWERS. I think it deters railroad building and ought to be taken off.

Mr. POLAND. The line originally laid down did not contemplate tunnel work, but a careful study of the country showed that while the line projected would have been less expensive, it would have been

endangered by snow slides, so we decided to tunnel. There will be seven tunnels, having a total length of 3,700 feet.

The CHAIRMAN. Contracts have been let and completion of the tunnels is expected by the 1st of April?

Mr. POLAND. Yes; but the work can not be completed by that time.

The CHAIRMAN. How long will it take?

Mr. POLAND. If the money is forthcoming to continue the work at the rate at which we are proceeding now, tunneling should be completed not later than August.

The CHAIRMAN. And the other contract—

Mr. POLAND. Following this section there is a considerable amount of work that has been let to P. Walsh & Co., a northwestern firm of contractors. That is the heaviest work on the line and will probably cost \$40,000 per mile for the grading alone.

The CHAIRMAN. The contract provides that it shall be done by the 1st of August, I believe?

Mr. POLAND. Yes. In letting any contract it is necessary to fix some date for the completion of it, and this was placed at a more or less arbitrary date, with the provision that it may be extended from time to time officially by letter to the bonding companies as the work requires.

The CHAIRMAN. You anticipate this portion will be finished during the coming season from mile 45 to mile 105?

Mr. POLAND. It will be practically completed if the money for carrying on the work is forthcoming. This contract involves about \$1,300,000.

The CHAIRMAN. How is the contractor to receive his pay if the money be not forthcoming?

Mr. POLAND. The contract would be terminated in that case and the contractor would be reimbursed for any loss incurred by reason of the work stopping. This is the usual provision in all large railway contracts.

Mr. POWERS. If the railway be solvent the contractor would be reimbursed?

Mr. POLAND. Yes. In addition to the guaranty of the railroad company Mr. Frost guaranteed these contracts.

The CHAIRMAN. So that you are certain under that arrangement that this section from mile 45 to mile 105 will be finished, probably, within the season?

Mr. POLAND. I can not say that it will. My statement was it would be provided the funds were forthcoming. If we do not have the money we can not do the work. Mr. Frost guarantees the contractor against loss in case the work should be stopped.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Tuesday, February 20, 1906.

STATEMENT OF MR. W. B. POLAND—Continued.

Mr. POLAND. Mr. Chairman and gentlemen, I spoke to you yesterday of the money that we have spent on preliminary investigations of the various lines, amounting to about \$330,000, for surveys and engineering.

Our line was finally determined, and we have this year, as I have told you, constructed 45 miles of track and completed a good deal of heavy construction work ahead of this, as far as mile 105. This road that we have built is on a 1 per cent general grade. There are two pusher grades of 2.2 per cent over two ridges of the coast range.

Mr. LLOYD. For how long a distance?

Mr. POLAND. The first summit is 12 miles from Seward, and the pusher grades approaching that summit, which is 700 feet high, are 5 miles long on the southern side and 3 miles long on the northern side. On the second ridge that we cross the summit is 45 miles from tide-water, and the approach pusher grades are about 4 miles long on the southern side and 7 miles long on the northern side.

Mr. LLOYD. That whole distance is a 2.2 per cent grade?

Mr. POLAND. Yes, sir; the approach grades that I have just given are 2.2 per cent. From this point we have only a maximum grade of 1 per cent all the way to the Tanana River. This is a very important factor in the hauling of heavy trains from the coast to the interior. It means that we will be able to haul trains of 1,000 tons gross, which is an excellent train load. Those trains will, of course, have to be pushed over the two ridges, one of which, as I told you, is 700 feet high and the other 1,000 feet high. This large train load is a most important consideration to us in handling coal, which we hope to ship from the Matanuska Valley to the coast.

The roadbed which we are building compares with the construction of the early railroads across the western country. It is of about the type of the first construction of the Northern Pacific, the Great Northern, the Union Pacific, and the Southern Pacific roads. It is rather better than those early constructions, because in figuring on handling coal traffic we found that it would be economical to haul a heavier train load than was considered economical when those early roads were built. For that reason our bridge work is considerably heavier than was originally put in on those roads. We are providing for engines of 140,000 pounds, or 110,000 pounds on the drivers, which is a heavy type of engine. We are using 65-pound rail, with standard ties. We are providing for 80,000-capacity cars. The cost of construction as far as we have gone, excluding the cost of surveys, which is a general charge, and terminals and wharf construction, and so on, is about \$35,000 per mile.

The future construction will probably cost, including the fixed or carrying charges while the road is being built, which is quite an important factor in a long road, between \$37,500 and \$40,000 per mile. Now, I am sure that that will be considered a very high rate, and I should have so considered it in 1904, when I made my investigation of this property. As I told you, I had no data and there is no data on railroad construction in Alaska except that of the White Pass and Yukon Road. Their construction figures were rather hard to obtain. It was an English company, and they were rather secretive about their operations, but from talks with the engineers and contractors who were engaged upon that line and others my conclusion is that their road cost about \$35,000 per mile, and a good deal of the country over which they built was extremely favorable for railroad construction. It was dry country, and there were few swamps along this line; and while they had the same conditions that all roads from the coast to the interior have—a very heavy belt of coast mountain range construction,

which was quite spectacular—still, figured into the whole cost of the road, it did not amount to a great deal.

After making every allowance that I thought was proper for the increased cost of labor and the difficulties of transportation, I found after a year and a half's experience on the actual construction—and I have just come out of there after building all winter—that my original estimates were from 15 per cent to 25 per cent less than what the road will cost. I feel sure that almost any other engineer going into that country and estimating on the cost of construction will make estimates which are as much below the actual cost of the work as those I made. I had been accustomed for many years to heavy construction work in various parts of the country, and had been on railroad surveys and estimates for some fifteen years before going into that country. The cost of the line, as I now figure it, from Seward to Tanana will be about \$20,000,000, including the fixed charges necessary to carry the work until the income pays the cost of operation and fixed charges. The total cost to build to a distance of 180 miles up to the Matanuska coal fields and to the head of the Knik Arm, at which point we figure the road should be on a paying basis, will be very close to \$7,000,000, or \$4,500,000 additional to present expenditures.

In reporting on this proposition I went into the country rather prejudiced against it, thinking that a great many of the statements which were made by those who were attempting to interest the gentlemen whom I represented in the undertaking were highly colored, to say the least; but after making a careful study of the resources of the region, going over reports and talking with men who were in the country and who were working the mines and knew of the actual conditions, I became convinced that the road would be a paying enterprise. I would like to call your attention to one or two considerations which led me to that conclusion. In making estimates for a road in a new country we usually get the area of arable land suitable for agricultural purposes, the probable amount of stock which it will support, and the probable population which a country of its general character will maintain, and make our estimates from the comparative income from the various sources of farming and stock raising and passenger and merchandise transportation, based on a per capita estimate from the records of like regions. But in this country of Alaska we had very little data of that kind to go upon, and the most satisfactory was the records of the White Pass and Yukon road and the records of the steamship companies operating to Nome.

The study of these statistics gave us the relation between the number of passengers and the number of tons of freight carried, which was an important element for estimating. I found that on an actual weight basis we could safely figure on 2 tons of freight per passenger handled. Now, that is a very important conclusion at which to arrive, and was carefully studied by me and substantiated. On the White Pass and Yukon I found that for 12,000 through passengers handled they had handled about 30,000 tons of freight. The freight handled by the Nome boats was, for about 12,000 passengers handled, 100,000 tons of freight; but that was on the basis of steamers' option and had to be reduced to weight basis, which would probably make about 3 tons of freight per passenger handled. The White Pass and Yukon had a contributory population of about 15,000 people, and you will note that it carried about 12,000 through passengers. That is a

most important factor in the transportation consideration in Alaska. In this country the people do not travel as much as they do there per capita. A great many of them figure on leaving the country in the winter and going back in the spring. I found that during the winter of 1904 there were about 6,000 people in the Tanana Valley, which we expect to serve. This winter there are 8,000 people there, and during the following winter there will probably be 12,000 people there. The summer population this year will be about 15,000, and I figure that for the summer of 1907 it should be 20,000 or 25,000.

I am convinced that by the time this railroad can reach the interior the population in the Tanana Valley and its contributory region will amount to from 35,000 to 45,000 people. This may seem a large increase, but it is based on practical estimates. It was a matter of dollars and cents to us to determine this. On a basis of that population I figure that we should be able to carry 15,000 people over the whole line per annum, and I consider that this is a very low and a very conservative estimate. If we carry that many people we can safely count on carrying at least 30,000 tons of freight. I will say that this year there were shipped into Fairbanks 30,000 tons of freight in addition to the merchandise shipments to the interior. This great mining region is fast exhausting the timber resources for fuel for mining purposes and within a very short time it will be necessary to ship in large amounts of coal. I was told by some gentlemen who have just come out of Fairbanks that they consider that there is a market now in that region, provided the coal could be delivered near the mines, of some 30,000 tons of coal, and that, of course, will increase rapidly as the wood is exhausted and the region expands. The income which may be derived from the transportation of the number of passengers and the number of tons of freight above given will provide ample revenue to pay the fixed charges and a good income on the stock of this railroad.

Mr. LLOYD. What is your estimate per mile per passenger in traveling up there?

Mr. POLAND. Do you mean rates?

Mr. LLOYD. Yes.

Mr. POLAND. The rates, I think, will very greatly diminish from what they are now. I think I am right in stating that the rates on the White Pass and Yukon road are about 18 cents per passenger mile and approximately the same per freight-ton mile, possibly somewhat less.

Mr. LLOYD. Eighteen cents a ton?

Mr. POLAND. Yes, sir. This would be much less than the steamboat rate and, of course, incomparably less than the cost of present inland transportation, which at a minimum might be called 2 cents per pound for short distances. In summer the rate is as high as 30 cents per pound. The rates will of course always be governed more or less by the water transportation rates, which will force railroad rates down to a reasonable basis. Since making my estimates in 1904 I have been in that country continually. I have studied all the developments of this region in which we are interested, and I feel that the estimates of probable revenues which I made at that time will probably be doubled, if not trebled.

I left Alaska on the 1st of February, with maps and profiles of the road from mile 105 to the head of Krup Arm, mile 150, and the M at nuska Branch, 38 miles up the river to the coal fields, with the expectation of arranging contracts for carrying on that work. On meeting

my people I was told that it would be impossible for me to go ahead with the work for the present, as they had been disappointed in their efforts to finance the property. These gentlemen told me that after spending \$2,500,000 they had thought that the attention of the public would have been sufficiently attracted to this enterprise, and that the public would have been sufficiently assured of their honesty of purpose and belief in the enterprise to have readily subscribed for the bonds. But they advised me that such was not the case and that they had been obliged to put in the whole amount out of their own pockets or from the subscriptions of their intimate financial associates and friends, and that they find they can not finance the road without offering securities at a ruinous rate of discount, and that, therefore, our work must be stopped or curtailed until the bonds can be placed.

The CHAIRMAN. You gentlemen should apportion your time in some way, because there has been a general understanding that you should close to-day. Senator Turner desires to speak and, as I understand, Mr. Gordon also desires to speak. The Chair hopes there can be some definite understanding as to the apportioning of the time.

Mr. POLAND. I have only a word more to say, Mr. Chairman, and that is that our people have come to the conclusion that unless they can get some guarantee from Congress that the interest on the bonds will be paid, sufficient to attract capital to the enterprise, they will not be able to finance this property and carry on the construction in the way in which it should be done or in anything but a very restricted manner.

The CHAIRMAN. Do you mean to say that you could not extend your line as far as you intended to extend it?

Mr. POLAND. The construction would be materially curtailed.

The CHAIRMAN. As to distance?

Mr. POLAND. As to the amount of money which could be put into it.

The CHAIRMAN. You will finish up to mile 105 this season if you have good luck?

Mr. POLAND. I am afraid that this is not probable. As you noticed, I said that it would take \$4,500,000 to complete to mile 150, including the construction of the Matanuska Branch, and that my people advised me that they have not been able to finance this amount.

The CHAIRMAN. As I understand you, you say that you would be restricted in the extension of that road without Government guarantee of interest on the bonds. I desire to ascertain what you mean by "restriction;" whether you mean that you will be restricted as to the extension of your road in the direction in which you desire to extend it or whether you would be restricted in the kind of construction which you desire to put into the road?

Mr. POLAND. The construction which has been adopted is, in my opinion, the most economical construction which can be used. It is as inexpensive as economical maintenance of the property will permit.

The CHAIRMAN. Then will you kindly explain wherein you anticipate you will be restricted?

Mr. POLAND. I mean that there will not be funds to carry on the work—that we will not have the \$4,500,000 available which is necessary to build the line to that point.

The CHAIRMAN. To Fairbanks?

Mr. POLAND. No, sir; to the head of the Knik Arm, a distance of 150 miles from Seward, including the Matanuska branch.

The CHAIRMAN. That is mile 150, or 45 miles farther than these contracts which are specified in the annual report of the corporation call for?

Mr. POLAND. Yes, sir. But I wish to disabuse your mind of the idea which I think you have, that simply because there may be a contract with a firm at so much per yard to do excavation work, that this is all there is to it. You must pay your contractors if they are to do that work.

The CHAIRMAN. I think it has been stated here that the material for construction is now at Seward.

Mr. POLAND. I think you are laboring under a misapprehension. We have about 30 miles of rail and the equivalent amount of ties, and of course the usual construction material on hand.

The CHAIRMAN. At Seward?

Mr. POLAND. Yes, sir; at Seward.

Mr. CUSHMAN. And 46 miles of road now constructed?

Mr. POLAND. Forty-five miles constructed.

The CHAIRMAN. And you have a contract let for seven tunnels in that section of your road between mile 45 and mile 105, and that contract calls for the finishing of those tunnels by the 1st of April, or about forty days from now; and you say that it will probably take until the 1st of August to finish those tunnels, as I understand you?

Mr. POLAND. As I think Mr. Frost told you, the men who took the tunneling contract were not able to carry it out. I have taken the work off their hands and I am carrying on the work myself.

The CHAIRMAN. I think you stated that these tunnels would probably be finished by the 1st of August?

Mr. POLAND. Provided we have the money to go on with the work.

The CHAIRMAN. How near done are you with these tunnels? If you can finish them by the 1st of August you are pretty far along with the construction of your road, are you not?

Mr. POLAND. No; the tunnels are seven in number and rather short, so that they can be driven fast.

The CHAIRMAN. How far along are you with the tunnel-construction work?

Mr. POLAND. My last report by wire was that they had 248 feet of tunnel driven.

The CHAIRMAN. Out of a total of how many feet necessary?

Mr. POLAND. Three thousand seven hundred feet.

The CHAIRMAN. What was the date of that report?

Mr. POLAND. That was on the 7th of February. It can not be said that because a railroad company has a contract with a firm to do a certain piece of work the transaction is closed.

The CHAIRMAN. I gained the idea that you were proceeding rapidly from the annual report of your corporation. It says:

A contract for six of the tunnels at mile 52 was let to Rich & Harris last summer, which calls for the completion of same on April 1, 1906. The grading from mile 75 to mile 105, which is along the north shore of Turnagain Arm and includes the heaviest rock work on the entire line, except the tunnels, was let to P. Welch & Co., of Spokane, which calls for the completion of this work August 1, 1906. Both these companies have their camps established and their supplies on the ground and are actively prosecuting the work, the only drawback being the difficulty in bringing the labor and to retain the same after it has been brought into the country.

Mr. POLAND. That statement is exactly correct.

The CHAIRMAN. That statement has been confirmed by statements before the committee. I simply want to know how far conditions may

have modified this report, which makes it practically certain that your road will be constructed to mile 105.

Mr. POLAND. I can not see your point at all, Mr. Chairman. The mere fact of there being a contract means nothing except that an arrangement has been reached for paying the contractors for work performed. If the contractors are not paid they will not do the work.

The CHAIRMAN. I have no railroad knowledge or experience, but my point is this: That if a contract has been let which calls for completion at so early a date as April 1 next for the construction of these tunnels, that work must have proceeded to a considerable extent on the construction of those tunnels, and that if a contract has been let for the construction of the roadbed, which calls for completion by the 1st of August, that considerable work must have been done on that roadbed. And arguing from that, I had assumed that the work would probably be accomplished, as has been suggested by some one here, during the coming season, if no unforeseen circumstances should interpose. And, further, it appears from the annual statement of your corporation that this is the most difficult section of the construction of your road.

Mr. POLAND. But the unforeseen element of which you speak has occurred in the failure of the gentlemen behind this enterprise to finance the undertaking; that is, there is not the money to carry out that work, and therefore it will not be done.

The CHAIRMAN. What was Mr. Frost's statement in relation to that?

Mr. POLAND. I think that it was essentially the same.

The CHAIRMAN. Very well. Does any gentleman desire to ask Mr. Poland any questions?

Mr. CUSHMAN. I understood from the testimony the other day that Mr. Frost placed his individual guaranty behind these construction contracts as well as the name of the company.

Mr. POLAND. The question was asked, Mr. Chairman, what we—

Mr. POWERS. Mr. Frost simply guarantees to pay any damages.

Mr. POLAND. Yes, sir. You will understand that in every contract for large work there is a clause, if the contract is properly designed, providing that the work may be stopped at any time; but if it is so stopped it is usual to provide that the contractor shall be protected for expenditures for plant, camps, and material which may have been sent in. It is such protection that Mr. Frost has guaranteed to contractors P. Welsh & Company, together with guaranty for work performed.

The CHAIRMAN. And that is the limit of his individual guaranty?

Mr. POLAND. Yes, sir.

STATEMENT OF HON. GEORGE TURNER, EX-SENATOR FROM THE STATE OF WASHINGTON.

Mr. TURNER. Mr. Chairman, I will confine myself to a brief discussion of the details of this bill and to the general principle of aid to railroads in Alaska. I will say, first, what must be apparent to the committee, that this bill was not drawn in the interest of any particular railroad enterprise in Alaska, but is a very fair effort, and it seems to me a fairly successful effort, to provide by general legislation for meeting the recommendation of the President for national aid to the building of railroads in Alaska. Undoubtedly the road that I represent will undertake to avail itself of the provisions of this bill if it shall become a law, but if it shall be able to do so, it will be not

because of favoritism toward it in the bill, but because it is able to bring itself strictly within the qualifying clauses of the bill; that is to say, that its line of road is feasible and practicable and can be built at reasonable cost, and that it will be of material value in developing the resources of the Territory of Alaska and in facilitating the operations of the Government therein.

I want to call the attention of the committee to the fact that this bill is almost a literal transcript of the provisions of the Philippine government bill relating to the extension of aid for the building of railroads in the Philippine Islands. And it was so drawn by its author, no doubt, with the idea that Congress would be ready and willing and glad to do as much for the hardy Americans who have ventured into the wilds of Alaska as it has done for the people of the Philippine Islands. Now, it will not do to say, as has been intimated, that the Philippine bill does not provide for responsibility on the part of the Government of the United States for the interest on the Philippine bonds.

The CHAIRMAN. Have you the exact language of the Philippine bill, so that you can incorporate it in your remarks?

Mr. TURNER. I will be very glad to do so. I have a copy of the Philippine bill here.

The CHAIRMAN. The Philippine government guarantees the interest on the bonds—

Mr. TURNER. Yes; I am going to speak on that. It is not, in my judgment, fair to say that the United States Government is not going to guarantee the interest on those bonds. *Prima facie*, the Philippine government is the one that is responsible for that interest, but I think that the committee will readily see, as the people of this country know and as Congress knows, that the Philippine government is in reality nothing but the Government of the United States. The people of those islands have not any measure of self-government there as we understand that term in this country, and the government there being directed by act of Congress to indorse these bonds, we, as a nation, are in law, and certainly in morals, behind the people of those islands for the payment of the contingent liability thereby created. That government is simply an agency or instrumentality of the Government of the United States for the control of the people of the Philippines, in which the people of those islands have but little, if any, voice.

Mr. POWERS. In short, Senator, you believe that in case the Philippine government does not pay the interest on the bonds, the United States is in honor bound to see that it is paid?

Mr. TURNER. Yes.

Mr. POWERS. That is my belief.

Mr. TURNER. Because the Government over there is not the government of the Philippines, but the Government of the United States. I do not say this for the purpose of reproach or of injecting a political tinge into this discussion, but for the purpose of showing that in the last analysis the faith and credit of the Government of the United States is behind the bonds which may be issued and indorsed by the Philippine government for the building of railroads in the Philippine Islands.

The CHAIRMAN. Do you think the obligation of the United States Government is a legal or a moral obligation?

Mr. TURNER. I would not say that it is an absolute legal obligation, Mr. Chairman, but certainly it is a strong moral obligation. Certainly people who have invested their money in those bonds so understand it, and if the time ever comes when it is necessary for the United States to make that obligation good, I believe the people of this country and the Congress will recognize that fact and provide for the payment of the bonds.

The CHAIRMAN. It would be very certain that the bondholders would insist upon that view of it.

Mr. TURNER. Yes, sir; and I think the justice of that position will be recognized by Congress at that time, if it shall ever come. If, moreover, we should ever part with those islands undoubtedly the Government of the United States would insist upon complete provision being made that the power that might take them over should protect all of these obligations because of the United States Government's moral responsibility in the matter. The obligation is, in fact, although it may not be in law, an obligation of the people of the United States.

Mr. Chairman, if the precedent thus set in the Philippine Islands should govern it would control the policy of reporting this bill favorably; but we have in addition to that the recommendation of the President of the United States, repeated twice over in his annual messages, in favor of extending national aid to the building of railroads in Alaska. I had hoped that these recommendations would be considered by the dominant majority in Congress if not compelling at least as very persuasive of the propriety of legislation of this character, because the President comes to this Congress with the overwhelming indorsement of the people of the country, an indorsement which evidences the utmost confidence in his wisdom, his integrity, and his patriotism. I had hoped also that the recommendation of the President would not be without its effect upon the representatives of the minority party in Congress. My Democratic friends have got into the habit of following the recommendations of President Roosevelt, no doubt because they recognize them as very broad, patriotic, and wise, and I think it would be a misfortune if they should now reverse their course and balk at a measure that seems to be so eminently fair and just and meritorious as that now under consideration.

I venture to say that there is nothing in the principles or tenets of either of the great political parties of this country which are antagonistic to the provisions of this bill, and I think members of both parties ought to be able to give it their support, because the records of legislation by Congress show that during times when they have been in control both parties have been equally liberal in granting national aid to railroad enterprises.

I venture to say further that you may look at the history of the country in connection with acts of Congress granting aid to railroad enterprises and you will find, where such aid has been granted, that it has been fully justified by the results attained—by the rapid and extraordinary development of the country served by such enterprises.

Alaska is certainly a country of most remarkable resources. The committee certainly realizes that after the hearings had before it. Its agricultural resources are very considerable, contrary to the generally conceived opinion of the country. The Sushitna and the Tanana valleys alone will support an agricultural population of a million of

people, and with the advent of railroads in there they will have a population of a million of people in the course of time. And it will not be so very long a time.

Only those who have lived in the Far West and who have seen that country grow know how rapidly population follows the construction of railroads. Indeed, it precedes them when their construction is assured. When the Alaska Central shall have been built to Kinik Arm, at the entrance of the Sushitna Valley, people will go in there by hundreds and thousands in advance of the railroad and settle farms, and get ready for the development of the country and for marketing its products when railroad transportation shall have reached them. It was the knowledge of the possibilities of these great valleys that induced the Alaska Central to adopt the route that it did, and which you have heard described here in some detail. We could have gone to Valdez or Controller Bay or to Cordova Bay, because we were the first in the field. We could have adopted one of those points as our southern terminus and projected our road up the Copper River, had we thought best. Undoubtedly there are some things to be said in favor of each of those points, and it may be said of roads projected from each of them that they will develop the most extraordinary copper deposits known anywhere on the face of the globe. But we thought that a permanent population attached to the soil and producing an annual surplus of the fruits of the soil was the best basis for the revenues of a railroad, and we deliberately adopted our present route, although at some greater cost of construction.

When the placer deposits of Alaska shall have been worked out and the quartz deposits and copper deposits shall have been exhausted, we will have along the line of the Alaska Central Railroad and on branches from it to be built some time in the future a large population of hardy American citizens attached to the soil, prepared to support the authority of the Government of the United States in that far-off region and contributing revenues in ample sufficiency to support the operations of our railway. But it is doubtful if the gold deposits up there have ever been equaled. Alaska will be the treasure-house of this country for the next hundred years to come, and will produce during that period in annually increasing quantities precious metals to be coined into metallic money. Political economists tell us that a sufficient supply of such money is the very lifeblood of commerce, and that without it commerce can not flourish. It is no exaggeration to say that for the next fifty years, and possibly the next hundred years, Alaska will be able to pour into the coffers of the country annually from fifty millions to seventy-five millions of dollars in gold and silver. The increase in the population and business of the country will require an increased volume of money, and the ability to insure such increase is a great national consideration which ought to appeal to Congress.

In the matter of the maintenance of the Navy in the Pacific waters, we are spending from \$1,400,000 to \$1,500,000 every year on the item of coal alone. That will be increased in the near future. In that matter alone the opening of the coal fields of Alaska, to be brought about by the building of our road and the roads in the Copper River country, will save the Government from \$500,000 to \$700,000 every year. Our reports, which are verified by reports of Doctor Martin, of the Geological Bureau—the latter, unfortunately, not yet in print—establish that the Alaska coal is a fine quality of steaming coal, equal

to the best Pocahontas coal and the best Welsh coal. So that it seems to me the considerations behind this bill are sufficient to justify the recommendations of the President and sufficient to enforce on Congress the duty of heeding those recommendations and enacting legislation in aid of the building of railroads in Alaska. Whether this particular legislation is the best that can be devised I am not prepared to say. It was the best that we could see when we came here.

I am not unmindful of the suggestion made by the chairman, and which may be concurred in by some members of the committee, that probably it would be best to try to find what particular roads up there were necessary and to provide for them in a special bill rather than in a general measure of this kind. That would be feasible if there were not so many conflicting interests. There are half a dozen roads projected up the Copper River, while there is only one in central Alaska, and that is the Alaska Central road. Under any bill that could be prepared I imagine the Alaska Central would be a beneficiary, but I would like to see a bill reported that can be passed. If some measure which would undertake to give aid to certain particular railroads were presented I am certain it would meet with such opposition that there would be danger of its passage. I have talked with many public men on the subject, and I do not believe that such a bill could be passed. Moreover, if this committee were to undertake to frame a bill of that kind it would consume all of the session in determining between the relative merits of the enterprises projected from the neighborhood of Valdez up the Copper River.

The CHAIRMAN. Suppose general aid should be given, such as is suggested in the so-called Lovering bill, then the embarrassment of selecting between the proposed lines of various corporations might prevent them from receiving assistance.

Mr. TURNER. It might prevent their getting relief, but the problem would be presented to a single mind. Here it is presented to four hundred or five hundred minds in both Houses of Congress. There is, as everybody knows, a tendency to conflict and antagonism in matters brought before Congress, and it would be almost useless to undertake, during this session of Congress at least, to secure favorable action on any bill framed in the interest of particular railroads and necessarily provoking conflict and antagonism. The matter can be presented to the President, however, under this bill, and he has his Secretary of War to call on. The Secretary has Major Richeson, who knows a great deal of the country up there, its character and the particular railroads that ought to be built and the country that ought to be developed, and through those and other sources the President would be able to reach an intelligent conclusion, and having reached such conclusion he would direct his Secretary of War to go on and carry out the provisions of the bill. Whether that is the best system it would at least secure action, and action is what is needed in Alaska. I have discussed with Mr. Lovering the matter of putting this power in the hands of the President.

Mr. POWERS. Is it not a fact that in every instance where a railroad has received Government aid that it has always been in a general bill, and I refer to the Union Pacific, the Northern Pacific, and the Santa Fe? Each has been considered upon its merits.

Mr. TURNER. I am not able to say that you are not right, although I think when you come to consider the conditions which existed at that

time there was a reason for that. They were great enterprises without competition in the particular country which they proposed to open, and the necessities of the Government were such as to demand, justify, and almost require the granting of Government aid to them. We are in a different attitude now. We are not aiding the Philippine roads in that way, and in view of conditions in Alaska I do not see why we might not very well apply there the principle devised for aiding railroads in the Philippine Islands.

The CHAIRMAN. Are there any conflicting interests as to the building of railroads in Alaska except the alleged conflict of interest in the Copper River Valley?

Mr. TURNER. Not that I am aware of; but there seems to be such a difference of opinion concerning the roads there to be preferred in a special bill that it would undoubtedly give rise to opposition that would defeat the proposition in Congress. I do not say this because I am opposed to any one of these roads. We have no jealousy or rivalry with any road and should be glad to see them all successful.

Mr. CUSHMAN. In the bill which you were discussing the other day the Alaska Railroad Company provided for a right of way granted by the Government, running up the Copper River through the divide or pass, and there was a provision that any company that might be authorized could use the same divide where only one railroad could be built.

Mr. TURNER. That is not what I am speaking about. I am referring to conflict between the principal roads as to which ought to be preferred by the Government in building up the Copper River Valley.

The CHAIRMAN. Suppose the Government should not extend aid by way of guaranteeing the interest on the bonds, but simply give some corporation the right of constructing a railroad by charter?

Mr. TURNER. I do not think that would give rise to any conflict, but it would not give aid in the sense the President has recommended, and which I think we have shown here will have to be given unless railroad building is to be indefinitely retarded in Alaska.

The CHAIRMAN. Might not the Government guarantee bonds or grant the lines the right of way or give facilities for construction?

Mr. TURNER. Yes; any of these things might be done.

Mr. Chairman, if the committee will hear me for a few minutes longer I will conclude what I have to say.

The chairman asked me to incorporate in my remarks the portions of the Philippine government bill which I claimed was the model for this legislation. That bill is a long one, but the fourth section of the Philippine government bill passed at the last session of Congress is what I referred to. That section is very long, and it contains all of the provisions, with the necessary changes of names and places, that are found in the Lovering bill. If the chairman would like that section to go into the record I will give it to the stenographer. It is a public law and can be found by anybody interested in it.

The CHAIRMAN. I thought you might digest it somewhat.

Senator TURNER. It is the fourth section of the Philippine government bill, which passed Congress and was approved February 6, 1905. The committee, and anybody else interested in the matter who will go to that, will find that I am borne out in my statement that the Lovering bill is simply a transcript of the railroad provisions of the Philippine government bill.

I presume the committee will determine in some way, when it goes into executive session, whether it is or is not a proper thing to do to grant aid to railroads in Alaska. If the committee shall determine that proposition in the negative we have nothing further to say, and will accept the result and go along about our business and do the very best we can; but if it is the consensus of the committee that aid should be extended to railroads in Alaska, then, of course, the committee will have to address itself to the question as to the particular form of that aid.

The President recommended aid generally, and as the chairman says, probably has indicated that he does not care to define the particular kind of aid which he had in mind, but I suppose he had in mind aid that would really aid, and the only aid that will really aid in the early completion of these railroads is something in the nature of that provided in this bill. I do not think the committee ought to lose sight of the fact either, that while these railroads ultimately will be built, and they may be built in the near future without Government aid, yet in that case, taking into consideration the course that is always pursued and which is absolutely necessary to be pursued in the way of placing the bonds and securities of these companies on the market, there will be saddled on the people of Alaska a much larger indebtedness for railroad construction than if the Government were to come to their aid at this time. The bonds will have to be marketed at a very large discount, accompanied by a very large stock bonus, and that will be charged up against transportation in the future development of Alaska.

There isn't any doubt in the world that if the Government were to give this conditional indorsement to the bonds of railroads that really are meritorious, either building or projected in Alaska, that it would save the people of Alaska 25 per cent at least in the cost of the building of such roads; that is, in the capital which will be charged up to the building of the roads and which will feel itself compelled to draw dividends from that people in compensation for the services to be performed for them in the future.

I do not think it feasible—the committee may differ with me—but I do not think it feasible to pass through Congress special bills in aid of particular railroads. I believe, after the investigations that have been made here, if the committee think railroads ought to be aided, that it will be done by some form of general legislation. I feel assured that if any particular enterprise however meritorious were launched on Congress with a special bill giving it the aid of the Government to the extent of indorsing the payment of the interest on its bonds, in one House or the other, and probably in both Houses, it would meet an opposition that would be absolutely fatal to its passage.

The CHAIRMAN. Do you understand that there is any syndicate now seeking to be incorporated and asking that the interest on its bonds shall be guaranteed?

Senator TURNER. I am making these observations, Mr. Chairman, in view of the drift of certain questions, which I believe the chairman himself and possibly other members have asked, as to whether it would not be better to incorporate some comprehensive scheme of aiding particular lines of railroad in Alaska.

The CHAIRMAN. There is no scheme now calling for the Government guaranty of interest on bonds.

Senator TURNER. There is none before this committee, except this general bill, and I understood from the drift of the questions of the chairman that he possibly had in mind that if the committee were in favor of some form of aid that it might be by specially directed aid to particular enterprises rather than by a general bill of this character.

The CHAIRMAN. But the Chair did not mean to indicate by such questions a suggestion of Government guaranty of interest on bonds for any specific company.

Senator TURNER. I did not, of course, know exactly what the chairman had in mind, and I say again that if the committee feel that the proposition of aiding railroads by guaranteeing the interest upon their bonds is not practicable and expedient, of course we will have to accept the verdict of the committee; but if it shall be of the opinion that that is a proper and justifiable form of aid, then it will have to direct itself to the particular details of a bill for that purpose, and I want to say that a general bill such as that prepared by Mr. Lovering seems to be the only one having any chance to pass through Congress.

The CHAIRMAN. I would rather like to get your opinion on this. Suppose we should take out of the question the idea—simply for the purpose of considering it now—take out of the question the idea of Government guarantee of interest on bonds, and there should be left the question of incorporating some company; is it your idea that any advantage would accrue to any corporation by reason of the fact alone that it happened to be incorporated under the Federal law rather than under the law of any State?

Senator TURNER. I can see no advantage that would accrue to a company incorporated by Congress over that of a company incorporated by one of the States, and I want to say, in this connection, that we are not here opposing what has been called the Burleigh bill, although Mr. Burleigh indicated in an observation he made the other day that we had prejudiced that bill in some shape by our appearance here. We felt that it would prejudice our enterprise to have a special bill passed granting the credit of the Government to some particular enterprise unless our road had the like benefit, and so stated; and that is the extent to which we have offered any opposition to that measure. We have not the slightest jealousy of that enterprise. It opens up an entirely different country from that which our road opens up. The gentlemen who are in immediate charge of that bill—Governor McGraw and Mr. Burleigh—are personal friends of mine, and I have no disposition to interpose any obstacle whatever to their getting what they want in every particular.

The CHAIRMAN. And your idea is if there should be Government aid manifested by a guarantee of interest on bonds, that that Government aid should be general and that your company should participate in it if other companies participate in it?

Senator TURNER. Yes; and if our company, or any other company, could bring itself within the qualifying terms of the bill—that is, if it could satisfy whomever should be designated as the party to determine it, that it is a meritorious enterprise—then it should be permitted to join in that aid.

The Chair asked Mr. Frost a question the other day on the general policy of aid, which indicated that it was in the mind of the chairman that Mr. Burleigh, in the statement made to the committee about this question of the indorsement of bonds, had indicated that they were

prepared to build their road through to the Yukon without Government aid, and the Chair asked Mr. Frost whether he thought it was desirable for Congress to grant general aid when there was a company in the field proposing to build without aid. I think the Chair was in error as to what Mr. Burleigh said about that. I think the record will show—certainly the record before the Senate Committee on Territories will show—that Mr. Burleigh simply stated that under certain conditions he would withdraw his application for the indorsement of his bonds, and would see what he could do toward floating his securities without it. That is as far, as I understand it, as Mr. Burleigh has been willing to go in giving any assurance on that subject.

Mr. Burleigh may believe he can float his bonds advantageously. I am not prepared to say he can not; I don't know anything about it; but our experience (unless he has the money already pledged from gentlemen who are able to put it up themselves) is that he would not be able to float his bonds at this time without some kind of a Government guaranty, and if he is able to float them or any other concern is able to float their bonds, Mr. Chairman, it will be at such a sacrifice as that the bonded indebtedness of any road built in that way will be so largely increased as to make it very burdensome to those who may have occasion to employ it in the future development of Alaska.

My friend Mr. Gordon here says they can build their road without any aid and are prepared to do so. Doctor Bruner says the same thing. But the committee should bear in mind that they are under no obligation to build for any particular distance. They have in mind immediately the opening up of these coal mines which are within 15 miles of their southern terminus, and, as stated by them, a very easy road to construct, only requiring a few hundred thousand dollars to do it, and capitalists may very well be found who would be prepared to finance an enterprise of that character. But here is the Alaska Central Railroad; its objective point is Fairbanks, 450 miles from Seward, on the Gulf of Alaska, and if that road is built through it will require an expenditure of \$20,000,000, and I believe the committee must be satisfied, after hearing Major Richardson and others, that that is one of the trunk lines that the interests of Alaska really require, and that the road ought to be built.

Now, it has been impossible for us to find any capitalists who would put up this money out of their own pockets, and we must go to the public marts to dispose of our securities, and if required to do so without some further backing than that which we have in the inherent value of the enterprise it will be impossible for us at this time to finance the enterprise, although it may be possible to do so in the future.

Mr. Chairman, while we think that the Lovering bill is fairly devised to carry out a scheme of Government aid to railroads in Alaska we are not wedded to the particular provisions of that bill or to any of its details. If, in the judgment of the committee, aid should be given and the general scheme of the Lovering bill followed, any particular amendment that the committee might feel should be incorporated, whatever it might be, would be entirely agreeable to us.

It was in mind at one time to amend that bill by creating a board composed of the Secretary of War, the Secretary of the Interior, and the Postmaster-General, to whom the power to determine what particular roads should receive aid should be committed, but that was

finally disposed of for the reason that the power being committed to the President he could call to his aid all or any of those officials, and therefore the amendment would not have changed the effect of the bill. We think that the scheme of aiding railroads in Alaska provided in this bill is well thought out. There is not any real substantial objection to it, and if the committee is disposed to accede to the general principle of government aid we think it would be very hard to devise a better one. Objection was made the other day that the President was already overloaded with duties of this character, but of course this does not involve the performance of extraordinary duties on the part of the President, for he would call into requisition such aid as the heads of the Departments and their assistants.

Major Richardson indicated to the committee the other day a particular system of trunk lines which he thought ought to be built in Alaska, one of them covering the route of the Alaska Central, another one a route up the Copper River, and another one from Fairbanks to the westward to the Seward Peninsula. If this bill should pass, that probably would be the system that the President would hit upon and that he would direct the Secretary of War to aid by guaranteeing bonds to roads designed to build on those routes. I do not think it is necessary to read the President's recommendation, because I have no doubt that every member of the committee recollects that perfectly.

As I say, the President, if this bill should pass, would call on the Secretary of War and he upon his assistants, and no doubt it would eventuate in their selecting these several trunk lines recommended by Major Richardson as those which would best develop the Alaskan territory and best promote the operations of government therein.

I do not believe there is anything further that suggests itself to my mind, and I am very much obliged to you.

Mr. KLEPPER. I would like to ask a question or two, for information.

Senator TURNER. Certainly.

Mr. KLEPPER. Do I understand that the three projected lines mentioned here, the Alaska Central, Mr. Burleigh's enterprise, and the one that Doctor Bruner is interested in, are all making for the same coal fields?

Senator TURNER. No; the Kayak coal fields are the ones that Doctor Bruner's and Mr. Burleigh's roads are making for, and the Matanuski coal fields are the ones that the Alaska Central will develop.

Mr. KLEPPER. I will ask you, further, if you understand that any coal fields of Alaska can be reached with 15 miles of road from the coast?

Senator TURNER. It has been very well understood that the Kayak coal fields are only about 15 miles from the coast, but it has also generally been understood—I do not wish to say anything to the prejudice of the enterprise of Doctor Bruner, but it has been generally understood—that Controller Bay would require, in order to make it an efficient harbor, a very large outlay of money, a sum which would be equivalent, really, to the money that would be necessary to be put into a railroad to build to more distant fields.

The CHAIRMAN. He testified that the distance between the Alaska Central road and any other road that might extend up the Copper River Valley would be at the southern termini something like 150 miles.

Senator TURNER. Yes; from 150 to 200 miles, and spreading out in a kind of fan shape until when they reached the Yukon they would be about 600 miles apart.

Mr. McKINNEY. Your idea would be, then, Senator, that it would be proper, in case the United States was to guarantee 4 per cent interest on the bonds of railroads in Alaska, that it should be a general law instead of being applied to a specific road?

Senator TURNER. Well, we thought that would be fairest to all of the enterprises, and in view of the disposition which I have found manifested here we thought it would be one that would be most likely to receive favorable consideration on the part of Congress. We would be very glad indeed to have a bill pass Congress which would adopt certain particular lines as supplying the demands for the development of the territory of Alaska, because we feel certain that the Alaska Central would be one of them; but we feel also that if that were done it would be doubtful if it would pass Congress.

The CHAIRMAN. If a corporation should come and say to this committee, in effect, that it would construct a road from somewhere near the mouth of the Copper River northward to Eagle without Government guaranty of interest on its bonds, and your corporation should provide the other great trunk line, Senator, there would be no special necessity for a Government guaranty of interest on bonds generally, would there?

Senator TURNER. That would hardly provide for the other trunk line—that is, the one from the Seward Peninsula.

The CHAIRMAN. That would be left for the future.

Senator TURNER. That other trunk line would have to go 600 miles farther to reach Eagle than to reach our line of road, and you might as well build our 463 miles of road first to start with.

The CHAIRMAN. Still, when these roads are extended up into the Tanana Valley and the Yukon it would seem not unlikely that capital would find a way to connect these trunk lines with a road running northwesterly into the Seward Peninsula.

Senator TURNER. I think very likely that is true, but it would require a much larger amount of capital to connect at Eagle than at Fairbanks.

Mr. RYAN. You would never connect the east road with the west road. The western trunk line would naturally go through Fairbanks and cross to the Yukon.

The CHAIRMAN. The Chair did not mean to assume that the road would necessarily run eastward to Eagle City.

Mr. HIGGINS. Senator, does the bill provide how the Government may recoup itself in the event that it has to pay interest on these bonds?

Senator TURNER. The bill follows, in that respect, the Philippine government bill, which simply gives the Government a second lien for any interest it may pay. The lien of the principal of the mortgage would be a prior lien to that of the Government, but the Government has the second lien.

Mr. HIGGINS. How does the bill provide for the Government to recoup itself in the event it has to pay interest on bonds? Will you refer to that section?

Senator TURNER. I will read you that. One of the provisions is "That no debt except as above provided" (that is, the indebtedness

for the actual cost of the building of the road) "may be incurred by the said undertaking railroad company by which a lien shall be created upon such railroad, its equipment, or other property prior to the lien of said Government to secure the repayment of the interest paid by it under said guaranty without the consent of Congress."

And the fourth clause is "That after construction and equipment of the said railroad, in accordance with the"—

The CHAIRMAN. I will not ask you to read all of that.

Senator TURNER. The fourth section provides how the revenues of the company shall be applied; first, the necessary expenses, including reasonable expenses of the corporation, operating expenses necessary to ordinary repairs or betterments, and extraordinary repairs to the railroad or equipment as may be consented to by the Secretary of War in writing, and fourth, the payment of the interest on the bonds which shall to any extent be guaranteed by the Government of the United States in this act. Section 4 provides that all payments made under any such guaranty shall be a lien on the said railroad and its property then owned and thereafter to be acquired, subject only to the mortgage or deed of trust executed to secure the bonds, the interest upon which shall have been so guaranteed, and the sum to be paid under such guaranty shall at the expiration thereof be payable to the United States upon demand, and in default of such payment the said lien shall be immediately foreclosable. I want to say that it is possible a better scheme might have been devised, but the author of this bill followed in the particular language which I have read literally and absolutely the provisions of the Philippine bill, thinking that that had once commended itself to Congress, and that it would do so again.

Mr. LOVERING. I want to say one word about the bill myself. Although it bears my name, I have no particular pride of authorship in it, and any bill that the committee may choose to draw (and name it whatever they please) will suit me just as well. I only hope the committee will not be diverted from the purpose of the bill, which is to give general aid to such roads as are specified here, such classes of roads as are specified here, as they can. I can conceive of twenty schemes coming in here, one after the other, asking for some sort of aid, or asking that this bill may not prejudice them, or something or other, but it seems to me that this one bill goes directly to the point of giving aid to Alaska railroads that can not be sidetracked at this time.

Mr. HIGGINS. Do you mind if I ask you a question?

Mr. LOVERING. No, sir; I will answer anything I can.

Mr. HIGGINS. What would you say to extending the general law that now controls in Alaska with reference to the location of a railroad right of way, so that a railroad company might also acquire coal lands to a limited extent in the operation of their road?

Mr. LOVERING. I have not studied that question at all. At the same time I could see no objection to it, and if the committee chose to make such a provision I should gladly accept it.

Mr. HIGGINS. We have a bill before us now which grants that—

Mr. LOVERING. I know you have. This bill has just one purpose and one object, and it has not covered the ground that you refer to.

Mr. HIGGINS. My thought was that perhaps that ought to be considered.

Mr. LOVERING. Perhaps it should be, sir.

Mr. HIGGINS. In this connection, in any general legislation, I mean.

Mr. LOVERING. It might be well to do so.

Mr. RYAN. There is a bill projected, I might say, for increasing the ability of a person to acquire coal lands, from 160 acres—

Mr. HIGGINS. But that is not in connection with any railroad legislation.

Mr. RYAN. No, sir; that is for individuals.

STATEMENT OF MR. CADMUS Z. GORDON, OF BROOKVILLE, PA.

The CHAIRMAN. State with what enterprise you are associated.

Mr. GORDON. The Alaska-Pacific Railway and Terminal Company.

The CHAIRMAN. Where is it incorporated?

Mr. GORDON. In the State of Washington.

The CHAIRMAN. When?

Mr. GORDON. On the 8th of May, 1905.

Mr. POWERS. What is the amount of your capital stock?

Mr. GORDON. Two million dollars capital stock.

Mr. POWERS. How much money has been paid in?

Mr. GORDON. Some money has been paid in, but I do not remember exactly the amount. During the last four years certain Pennsylvania capitalists associated with Doctor Bruner and others have been engaged in exploring the regions about the Copper River Valley and have ascertained the existence there of a very large quantity of coal which is equal in quality, as has been shown by analysis, to any in the Pocahontas region, and also extensive deposits of copper ore; and they proceeded to ascertain the feasibility of railroad communication from Controller Bay up the Copper River into these coal and copper fields, with the view of extending to a point on the Yukon, practically to Eagle City. They found the route was perfectly practicable and that the road could be constructed without undue expense, and that the coal and copper would undoubtedly furnish sufficient tonnage to make the enterprise a profitable one. They have, as I have said, spent a great many thousands of dollars in preliminary explorations.

The CHAIRMAN. How many?

Mr. GORDON. About \$40,000 is the amount expended in preliminary surveys and exploration.

The CHAIRMAN. Where are those preliminary surveys?

Mr. GORDON. From Martins Island in Controller Bay, Gulf of Alaska, up the Copper River, a distance of about 70 miles, thence crossing Copper River from east to west, and explorations have terminated at a point about 10 miles north of an Indian village called Taral.

The CHAIRMAN. How far from the coast?

Mr. GORDON. One hundred and fifty miles, I believe.

They have made preliminary surveys and adopted preliminary locations. They have thereby acquired, as we understand it, under the general law, certain vested rights. We are not here now, gentlemen, to object to any other enterprise or to any bill which may have been introduced before Congress.

The CHAIRMAN. In making a preliminary survey what do you do?

Mr. GORDON. Now, I am not sufficient of a railroad man, Mr. Chairman, to inform you on that definitely; but my friend, Doctor Bruner, is able to give you any such information. They go over the ground with a transit, set their stakes, and ascertain what is probably the best route for the railroad, mark their lines definitely, and then follow that up as rapidly as they can with their definite or final location.

The CHAIRMAN. A preliminary survey does not define the right of way?

Mr. GORDON. Yes, sir; it does, in a general way. We would not vary from this preliminary survey probably 100 feet in either direction; it is not likely. It has been made very carefully.

Mr. LLOYD. Did you say you went up the east side of the Copper River?

Mr. BRUNER. We crossed from the east to the west side and then went up the west bank.

Mr. GORDON. The only difficulty we anticipate is not a legal one, but may be a moral one, and probably will be, unless it is removed, in our enterprise, and that is in this House bill 4471. We have no objections to this bill, but we do not understand why it is necessary for the gentlemen named therein to ask for a Government charter. All the other railroads in Alaska are operating under State charters taken in connection with the general railroad law of 1898, as we are doing, but we find here, of course, that the right of way is granted through the public land "by the most eligible route" to the Alaska Railroad Company, to be incorporated by this bill, from Cordova up to the other terminus, at or near Eagle, and we understand that the gentlemen contemplate building their road up the Copper River Valley. We feel satisfied that we being the first upon the ground have adopted the most eligible location, and the gentlemen interested in our company have expressed the fear that the rights granted in House bill 4471 may authorize the encroachment on our right of way by the Alaska Railroad Company. From a legal standpoint, possibly, probably, indeed—

The CHAIRMAN. Would a charter granted by the Federal Government give that company any right to encroach upon the right of way which you had located under a charter granted by a State?

Mr. GORDON. I think from a legal standpoint probably not.

The CHAIRMAN. All your rights would be protected, would they not?

Mr. GORDON. Probably the courts would so hold; but you will observe this, that we will probably have litigation if House bill 4471 passes with the principle that it matters very little whether you kill a man with a club or frighten him to death with a ghost. Our people are afraid of this bill.

Mr. POWERS. Your people knew that there was a similar bill here before the last Congress before they made this survey, did they not?

Mr. GORDON. No, sir; I think not.

Mr. POWERS. Was it not a matter of public notoriety everywhere that there was a similar bill here at the last Congress before you stepped in and made your survey?

Mr. GORDON. We were not aware of that. We have been examining that territory and spending money on it long before any bill was introduced here. However, all we ask is to prevent the over-

throw of our enterprise, because of the fear of the capitalists who are concerned in it.

Mr. POWERS. Who are back of your enterprise?

Mr. GORDON. Mr. T. N. Barnsdale, of Pittsburg; Mr. A. W. Cook, of Brookville, and a number of other wealthy gentlemen who are associated with them. You can very readily ascertain, if you desire, the financial standing of the two gentlemen in particular whom I have named.

The only thing we ask here is that this proviso be inserted at the end of the second paragraph of the bill and also at the end of the fifth paragraph of House bill 4471:

Provided, That nothing herein contained shall authorize the encroachment by the Alaska Railroad Company upon preliminary or definite locations already made by any other railroad company duly organized under existing laws.

That certainly will do no harm.

Mr. KLEPPER. Have you or your friends presented any bills?

Mr. GORDON. No, sir.

Mr. KLEPPER. What particular bill do you favor regarding railroad legislation?

Mr. GORDON. We favor no bill.

Mr. KLEPPER. Do you favor the Lovering bill?

Mr. GORDON. We have not asked for any aid at all or any assistance. We believe that a railroad projected into the coal fields, as we found them, would prove a paying investment, and probably a railroad continued into the copper fields would prove a paying investment.

Mr. KLEPPER. All you are asking is this amendment to 4471?

Mr. GORDON. Yes, sir.

Mr. LLOYD. I do not understand that you are concerned for this bill No. 4471, are you?

Mr. GORDON. No, sir. As it is phrased now our people are frightened lest it may be held to authorize the encroachment upon the right of way which we have located.

Mr. POWERS. Have you presented your objections to the Senate committee as yet?

Mr. GORDON. No, sir; we have not. We arrived yesterday morning; these fears were only communicated on Saturday evening.

The CHAIRMAN. Your idea is that the traffic of the country would make a safe enterprise, and you are not asking for Government aid?

Mr. GORDON. No, sir; we are simply asking to be let alone. We believe that the coal tonnage and the copper-ore tonnage will make the railroad a paying enterprise.

The CHAIRMAN. How far do you expect to construct your railroad northward?

Mr. GORDON. Our ultimate point is Eagle, on the Yukon. But at present about 150 miles up into the copper region.

The CHAIRMAN. You simply want to open up the coal and copper region?

Mr. GORDON. Yes, sir. We believe it would be a paying investment; it is only 20 miles into the coal field.

Mr. LLOYD. Have you any estimate of what the terminal work would cost at Controller Bay?

Mr. GORDON. About \$150,000.

Mr. LLOYD. What does that include?

Mr. GORDON. Doctor Bruner, you will have to explain that.

Doctor BRUNER. Docks to facilitate the loading and unloading of vessels and connecting with the deep-sea terminal of the railroad.

(At 12 o'clock m. the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

The committee met pursuant to the taking of recess.

STATEMENT OF C. Z. GORDON, ESQ.—Continued.

Mr. GORDON. Mr. Chairman, I inadvertently made a statement before the adjournment which left the impression that we appeared in favor of House bill 4471. I desire to correct that impression, as we are not in favor of the bill in its present form; but we do not desire to be understood as having any objection to it if the proviso which we have already suggested be added to the second and fifth sections of the bill as it stands.

Just why these gentlemen desire a special charter from Congress we do not know, but we admit that that is not our affair, but a matter entirely for Congress and the gentlemen in interest. We do think, however, that we are not asking anything unreasonable when we request the addition of a proviso protecting what we believe to be our vested rights and vested interests.

We have been proceeding for several years in perfectly good faith to explore the Copper River region and ascertain its resources, and after discovering considerable quantities of excellent coal and large deposits of valuable copper ore, went on to inquire into the feasibility of a railroad running from Controller Bay into the coal and copper fields; and having learned that a railroad can be constructed without undue expense we proceeded to obtain our charter under the laws of Washington and then proceeded under the general railroad law relating to the Territory of Alaska, passed in 1898, to make our preliminary surveys and locations, adopt the same, and file our papers in the office of the Secretary of the Interior.

Under the provisions of the act referred to we believe we have for the term of one year from the date of the filing of these papers the prior right of way upon the location which we have surveyed, and this bill, while there may be no sinister design in it—I refer to House bill 4471—will have the effect of frightening intended investors in our enterprise, and we believe that if the gentlemen who ask to be incorporated by House bill 4471 have no sinister designs upon our location or right of way they will have no objection to the insertion of the provisos mentioned. If they have any designs which are antagonistic to our interests they probably will object, but if they do intend to try to oust us from the right of way which we have acquired under existing laws they should make known that fact to the committee and the committee should act accordingly, as we are satisfied they will not report favorably any bill which they believe will in any way encroach upon or interfere with the rights we have acquired under this law.

I believe that is all I have to say, gentlemen, and we trust that you will recognize what we think is a just provision and insert the proviso in House bill 4471. I desire to say that we have no possible ob-

jection to any of the bills which have been introduced before the committee granting Government aid to any other railroad enterprise or to all roads which are now in process of construction or which may hereafter be constructed in the Territory of Alaska. Our situation is peculiar in this, that the distance from Controller Bay to the coal fields is only 15 miles, and of course the expenditure of a comparatively small sum of money will enable us to reach the coal fields in a very short time, and market conditions are such on the Pacific coast and in the ocean trade as to make us feel quite sure that our tonnage would be sufficient to render our railroad profitable within a short time.

Mr. LLOYD. What would you say to the proposition if the other road was recognized by the Government and their bonds guaranteed to the extent of \$30,000? Would that in any way interfere with your plans?

Mr. GORDON. Well, it would give them a considerable advantage over us, of course—considerable advantage.

Mr. LOVERING. Are you rivals?

Mr. GORDON. No; I can not say we are rivals at all; our object is to get into the coal and copper fields, and we do not antagonize these gentlemen or ask you to defeat their bill.

Mr. LLOYD. Your proposed road and this other proposed road up the Copper River are parallel on the same route, are they not?

Mr. GORDON. Substantially; yes, sir; that is, as we understand their intention.

Mr. LLOYD. As a business proposition, it would not be wise to have the two roads?

Mr. GORDON. No; that is probably true.

The CHAIRMAN. Your road to the coal field, you say, would be 15 miles long?

Mr. GORDON. Yes; to the southern end of the coal field. The coal fields are about 25 miles by 8 miles in extent.

The CHAIRMAN. And if you extended beyond that you would extend on the eastern side of Copper River?

Mr. GORDON. Yes, sir.

The CHAIRMAN. Do you understand that the so-called "Burleigh syndicate" proposes to construct a road on the east side of Copper River?

Mr. GORDON. Really, I am not able to answer that question. We have been informed that they have not made any preliminary survey at all.

The CHAIRMAN. So that you have no information that they propose to encroach upon any survey which you have made?

Mr. GORDON. No; it is merely general information which we have received from sources which we deem reliable that they do intend to construct their road up the Copper River.

The CHAIRMAN. Primarily you do not contemplate the extension of your road beyond the coal fields?

Mr. GORDON. I think to the copper fields, although I am not able to speak definitely on that point, but to the coal fields primarily.

The CHAIRMAN. Your corporation has become interested in coal fields?

Mr. GORDON. Some individuals who are interested in the railroad have become interested in the coal fields.

The CHAIRMAN. Then the railroad is a project supplementing the coal project?

Mr. GORDON. Well, of course it is intended to go in there to bring out the coal and the copper.

The CHAIRMAN. And have, also, some of the members of the corporation become interested in copper?

Mr. GORDON. As to Mr. Barnsdale I can not answer. Mr. Cook, I think, has not. Possibly Mr. Barnsdale has become interested in copper. He is a man of considerable wealth and is interested in quite a number of business enterprises, and it is not improbable that he has become interested in copper lands.

Mr. MCKINNEY. Referring to these two railroad propositions—yours and the Alaskan Railroad Company—how far do these two roads parallel each other?

Mr. GORDON. I suppose the distance would be 75 miles.

A BYSTANDER. Yes; 300 miles.

Mr. GORDON. Up the Copper River it would possibly be 75 miles; that is, if they intend to go up Copper River Valley, as we believe they do.

The CHAIRMAN. That is, you would parallel each other if you started from the same southern terminus and ended at the same northern terminus?

Mr. GORDON. Yes; undoubtedly we would parallel each other or go on top of or beside each other. They start at Cordova Bay, which is 80 miles from Controller Bay.

The CHAIRMAN. So you would be 80 miles apart—

Mr. GORDON. At our southern terminus.

The CHAIRMAN. The southern termini would be 80 miles apart?

Mr. GORDON. Yes, sir; but I suppose we would be rather uncomfortably close neighbors in the Copper River Valley.

The CHAIRMAN. At about what point in the Copper River Valley would you become close neighbors?

Mr. GORDON. If you will hear Doctor Bruner, he will be able to answer these questions better than I am able to answer them. He has spent a great part of four years in that region, and will be able to give you definite information. I merely came here to look after the legal proposition and to satisfy our stockholders that their rights would not be interfered with from a legal standpoint. Doctor Bruner here has become thoroughly familiar with the situation in the Copper River Valley and vicinity, and if the committee will hear him I have no doubt that he can give full and definite information. I can not do so, as I have not been nearer this region than Seattle.

Mr. HIGGINS. Will you tell us when the company was incorporated?

Mr. GORDON. On the 8th of May, 1905.

Mr. HIGGINS. Would you mind telling us how much stock has been paid in?

Mr. GORDON. I can not tell you that.

Mr. HIGGINS. You do not know?

Mr. GORDON. No; I do not know.

Mr. HIGGINS. And at that time the company located its right of way?

Mr. GORDON. No, sir; it has located its right of way since that time.

Mr. HIGGINS. When?

Mr. GORDON. We had made a preliminary survey prior to the date

of incorporation, but of course under the law that amounted to nothing.

Mr. HIGGINS. When did you locate it?

Mr. GORDON. During this last summer we went over the entire location again and made a transit survey and made, not the definite or the final location, but the preliminary location, from which the final location will not vary, probably, a hundred feet.

Mr. HIGGINS. You stated you have been prospecting since in 1898, but that was not in reference to the railway, because you were only incorporated in 1905.

Mr. GORDON. About four years ago we began prospecting for timber, coal, and copper.

Mr. HIGGINS. But not on a railroad?

Mr. GORDON. No; about two years ago on a railroad.

Mr. KLEPPER. Do you know how extensive these holdings are that these gentlemen have there in coal fields?

Mr. GORDON. They did contemplate the purchase of 10,000 acres of claims. I went out there to investigate, and after investigation I advised them that it was a very dangerous undertaking under the existing laws; that they could not acquire more than 160 acres, or at the most 320 acres, each, and of course as a railroad company they could not acquire anything. They were very desirous of acquiring about 10,000 acres of that coal land, and no doubt it would have proven a very profitable investment indeed, but under the laws as they exist I do not see how it is possible, unless the claimants go in there and take up the claims and become the patentees in good faith, and then I see no reason why our parties may not purchase from them on such terms as may be agreed upon; but to either directly or indirectly acquire more than the law allows is something that I have advised them against.

STATEMENT OF DR. MILTON W. BRUNER, OF KYAK, ALASKA.

Mr. BRUNER. Mr. Chairman and gentlemen of the committee, my legal residence is Kyak, Alaska. I would much rather you would ask me questions and for me to undertake to explain to you. You can perhaps get at what you want more quickly by asking me questions.

The CHAIRMAN. What enterprise do you represent?

Doctor BRUNER. I am the resident agent of the Alaska Pacific Railroad and Terminal Company in Alaska and am a party in interest in the company.

The CHAIRMAN. That is the same company Mr. Gordon appears for?

Doctor BRUNER. Yes, sir.

The CHAIRMAN. What have you to add to what Mr. Gordon has told us?

Doctor BRUNER. You asked the question, How much labor we had performed there or what progress we had made looking to the construction of this railroad? We have surveyed under the usual instructions about 140 miles, which is practically, or will be, our line of definite location; there will be very little variation from it, and there can not be, owing to the configuration of the grounds. We have our plats perfected, all our papers perfected and on file, and

all recorded in the land office at Juneau, as required. Those papers have been transmitted to the Interior Department and are now ready for filing here. We predicated all our work, however, by first incorporating a company, as the law presupposes. Prior to this, however, we had expended a great deal of time, labor, and money investigating the enterprise, determining in advance the feasibility and advisability of the construction of a railroad in this vicinity.

The CHAIRMAN. How much money have you people put into this?

Doctor BRUNER. Roughly estimated, from \$40,000 to \$50,000.

Mr. HIGGINS. You mean by subscriptions to the capital stock?

Doctor BRUNER. Actual cash credited to the stock. No stock has been issued as yet.

Mr. HIGGINS. How much stock has been subscribed for?

Doctor BRUNER. That I do not know. No stock has been issued as yet, although we exist as a corporation duly organized, having complied with all the requirements of the act under which we exist, both in the State in which we are incorporated and in the departments of Alaska.

Mr. HIGGINS. Forty thousand dollars paid in and no stock issued against it?

Doctor BRUNER. There has been forty to fifty thousand dollars in cash expended on this railroad.

Mr. HIGGINS. Paid into the railroad?

Doctor BRUNER. Paid on account of the railroad undertaking.

Mr. HIGGINS. Paid into the railroad company?

Doctor BRUNER. No, sir; most of it was paid in before we incorporated.

Mr. HIGGINS. In investigating mining propositions?

Doctor BRUNER. In investigating with the view to the railroad.

Mr. HIGGINS. With reference to the location of the coal and copper mines?

Doctor BRUNER. Somewhat with the idea of the location of coal and copper mines; yes; but the primary object was in determining the commercial value of building a railroad in this vicinity.

Mr. MCKINNEY. Was not a considerable portion of this \$50,000 used in investigating the mining possibilities?

Doctor BRUNER. I think it was all incident to the railroad enterprise—was intended in that way. We certainly would have no interest or object in anything else other than with the view of transportation facilities.

Mr. HIGGINS. Can not you say whether or not it was expended in the investigation of mining properties?

Doctor BRUNER. No; very little of it. We have expended a great deal more money than that in mining enterprises. I am trying to confine myself to the money paid out directly and indirectly in the railroad undertaking.

Mr. HIGGINS. What did you spend your money for in the railroad undertaking?

Doctor BRUNER. In investigating, back and forth.

Mr. HIGGINS. What do you mean—surveying?

Doctor BRUNER. In determining in advance of surveys the advisability and feasibility of the undertaking, and then in surveying and establishing our line. Our last work there, which is one of many trips—

Mr. HIGGINS. Have you spent any money except in surveys?

Doctor BRUNER. Yes, sir.

Mr. HIGGINS. How much, aside from what you spent in investigating and surveying?

Doctor BRUNER. You mean in the construction?

Mr. HIGGINS. I mean in connection with your railroad property. You have a railroad corporation?

Doctor BRUNER. Yes.

Mr. HIGGINS. How much has that corporation expended on its railway, outside of surveying and investigation?

Doctor BRUNER. I don't believe that \$40,000 would any more than cover the railroad project to-day.

Mr. HIGGINS. Exclusive of any investigation and surveys, how much would it be?

Doctor BRUNER. Exclusive of investigation and surveys?

Mr. HIGGINS. Yes.

Doctor BRUNER. Practically none.

The CHAIRMAN. You were organized into a corporation last May?

Doctor BRUNER. Yes. We only determined at that time to go on with this enterprise. After determining that, we incorporated—

The CHAIRMAN. Most of this money was expended before you organized?

Doctor BRUNER. Some of it—that which was expended prior to the incorporation—we have charged up to the corporation or enterprise.

The CHAIRMAN. In other words, the individuals who have been making the investigations?

Doctor BRUNER. Yes, sir.

The CHAIRMAN. And now, of course, you charge that money which has been expended by the individuals to the corporate enterprise?

Doctor BRUNER. Yes, sir.

The CHAIRMAN. You had made some sort of a survey before incorporating?

Doctor BRUNER. Yes; none that we have not gone over again, however.

The CHAIRMAN. Yes; then after you became incorporated you made another survey?

Doctor BRUNER. Yes; so as to make it a legal survey.

Mr. LLOYD. Have you bought any coal lands?

Doctor BRUNER. No. We undertook to purchase 12,000 acres under the impression that we could acquire title to it under the existing laws, after we had spent about \$14,000, \$6,000 of which was paid for options.

Mr. HIGGINS. Is that \$6,000 included in the \$40,000 you have spoken of?

Doctor BRUNER. No.

The CHAIRMAN. When did you begin to survey as a corporation, and how far up Copper River have you surveyed as a corporation?

Doctor BRUNER. Our first surveys as a corporation were made last June. We surveyed from our selected harbor site to and through the coal fields, to and across the Copper River—this, now, is a total distance of about 65 miles to the Copper River. We reached the first coal in 14.7 miles. We ran through the coal field then for about 14 miles—that is, with the main line. We continued on to the Copper River. At the point where we first reach the Copper River, which is

above the Childs glacier and below the Miles glacier, we cross the Copper River.

The CHAIRMAN. Do you have a right of way through the coal lands?

Doctor BRUNER. Subject, of course, to the coal interests that may hold there only; yes. After we have crossed the Copper River we have surveyed up the Copper River to a point about 10 miles above the Indian village of Taral, which is 30 miles this side of Copper Center. Our line is now surveyed to a point in the neighborhood of the copper mines, our nearest point to a mine at this time is about 4 miles.

The CHAIRMAN. Have you stated what area of coal lands the incorporators own individually or as a corporation?

Doctor BRUNER. If they own any, it is more than I know.

The CHAIRMAN. I had the impression that the railroad might be regarded as somewhat supplemental, as an industrial enterprise associated with the mining development.

Mr. LLOYD. Did you not buy options of some individuals?

Doctor BRUNER. We undertook to do so, and lost \$14,000 before we discovered we could not acquire title to the land under the existing act.

Mr. LLOYD. How did it happen you bought options? Did not individuals already have titles?

Doctor BRUNER. The option money was paid to the original locators, but on investigation we found the coal-land act of Alaska to be very complicated, and no two attorneys agree, hardly, as to the construction of the laws in reference to the coal lands; but the consensus of opinion was we could not acquire title.

Mr. LLOYD. You mean the railroad company?

Doctor BRUNER. No; we as individuals could not acquire title to at least sufficient of that land to warrant us in taking it up; and after expending about \$14,000 in determining we could not acquire title we simply lost our money and quit.

The CHAIRMAN. How is title acquired?

Doctor BRUNER. Primarily by individual entry, claiming 160 acres as an individual or as an American citizen of legal age.

The CHAIRMAN. What are the fees on that and what do they have to do to hold the 160 acres?

Doctor BRUNER. They define their lines by the establishing of posts and the posting of notices on the claim describing the claim--its locality as fixed to some permanent object or monument. They then record a copy of this notice in the commissioner's office there and later in the land office at Juneau, record fees in each case being \$3.50, I believe. Of course they are given a certain limited time in which to do this under the law.

The CHAIRMAN. Now, supposing the people wanted to go in there and wanted to get a particular good lot of coal land—and I suppose that has been thought of probably by enterprising gentlemen—

Doctor BRUNER. Yes; it has.

The CHAIRMAN. How do enterprising gentlemen under those conditions obtain a liberal area of the coal lands?

Doctor BRUNER. We have not been able to devise that means yet. If you people will show us how to do it, I am sure that we will go ahead and do it.

Mr. GORDON. I had it in mind to suggest it would only be by hard swearing that you could do it, which would be dangerous; and until these claimants obtain their patents I have advised our people to wait.

The CHAIRMAN. Have not a good many citizens located up there?

Doctor BRUNER. Yes; there are no fewer than probably something like 700 claims of record now. I would say in this connection that in respect to coal matters in Alaska it is a pretty sick child, and we need a remedy; and if you gentlemen can give us one you will have done us a good service. We are at sea on this.

Mr. LLOYD. You have surveyed 140 miles?

Doctor BRUNER. Yes; about 140 or 150 miles.

Mr. LLOYD. How many surveying parties did you have?

Doctor BRUNER. I had a surveying party last June. We came back to Pittsburg and reported our progress, and then returned to Alaska in August. We took two engineering parties and put one at work at the end of our work we had left in June, surveying toward the Copper River, and I took another engineering crew and went up the Copper River, leaving the other party there at Catella, which is near our harbor, on the 18th of September. I went up to about 11 miles above Toral and began my work there and surveyed down the river with the object of meeting the other crew. I ran 54 miles of railroad line, besides taking up two 40-acre tracts for junction purposes and terminals, which makes 2 miles more. I reached a point just below the mouth of the Tasnuna River on the 14th of October, or rather on the night of the 13th.

Mr. LLOYD. And you began on the 18th of September?

Doctor BRUNER. Yes, sir. I surveyed down; we worked down the river, and put in a milepost every mile, and a United States location monument every 10 miles; so that any engineer can go there and find those marks. On the 13th of October I got to the lower end of my work. All day the 14th and 15th my engineer and the crew worked in the neighborhood of Tasnuna River, where we did about 3 miles of line and took up what is known as Tasmapiina Junction. We propose to run up the Bremner River, which is known to be rich in copper ores and is a river that has been mined for a great many years for placer gold. That is the only kind of mining that can be done there on account of the enormous expense of getting provisions in, and the little expense of getting the gold dust out.

Mr. LLOYD. Did you meet these other people on that survey?

Doctor BRUNER. There was nobody else on that survey. There is not an ax mark on the Copper River that we have not made that indicates that a survey has ever been made there. At least, I can say that there was not up to that time. I did not quite get through. The 14th and 15th of October we spent there at the mouth of the Tasmania River. The night of the 15th a terrible blizzard came up, and the river was running full of ice. On the morning of the 16th the sand and the snow were flying so fast that we could not see at all. On account of the wind and the snow, we decided to pull up and get out if we could. We loaded our material into the boat and started down the river, having a terrible time to get out into the river, and then when we got out we could not see any distance at all, and we soon ran into an ice jam—before we had gone half a mile—and then we had to make shore and cached our boat, and we then walked 60

miles to Valdez, to salt water, in order to get out of the country. That ended the work of that engineering party.

The other engineering party finished their field work on the 2d of November, I think. They surveyed 60 miles. We surveyed 56 miles. We had previously surveyed about 15 miles—that is, prior to beginning our work in September.

Mr. LLOYD. You did your surveying in about twenty-five days?

Doctor BRUNER. Yes, sir.

Mr. LLOYD. Did you encounter any mountains or tunnels, or anything of that kind?

Doctor BRUNER. Yes; we had considerable difficulty at one point in particular, and that was at Woods Canyon. We encountered a very severe snowstorm there, and it took us two days to make 3 miles, but our distance was chained, our course determined, as our work will show, and we established, as I have said, mileposts regularly every mile.

Mr. GORDON. You had gone over the route before?

Doctor BRUNER. Yes; I had gone over it before. I have made three trips up Copper River this last summer, and I have averaged three or four trips a year for the last eight years, and I have been all around Alaska, from the source to the mouth of nearly every navigable stream in it, and I believe I am thoroughly well informed on the topography and geology and other conditions incident to Alaska.

Statements have been made here by gentlemen appearing before the committee that Alaska is a great agricultural country. That is very true; the agricultural possibilities there can not be questioned by anyone who has investigated it. By referring to the Government records you will see that the United States Government is now maintaining several agricultural experiment stations there with very gratifying results. Information can be had by referring to the Agricultural Department here. You can find there some of the finest grains you will find anywhere in the world. The physical and arable conditions, including the soil and climate, of all of the interior of Alaska are not unlike the same conditions obtaining in what is known as the Red River wheat belt of Manitoba and of North Dakota.

Mr. LLOYD. What do you people expect to do this coming summer?

Doctor BRUNER. We are financially prepared to let contracts for 150 miles of railroad as soon as definite locations are established, providing we can be relieved of the embarrassment of some pending legislation here. We do not ask for help; we would be glad to see a general bill passed, however, for the relief of Alaskan railroads.

Mr. LLOYD. What do you mean by pending legislation here?

Doctor BRUNER. The particular bill referred to by Mr. Gordon.

Mr. HIGGINS. How much of a party did you have?

Doctor BRUNER. Six in our gang and 2 engineers and a party of 12 in the other gang; but 5 or 6 of the other party were Indians.

Mr. KLEPPER. Did your work connect?

Doctor BRUNER. No; there was an intermission of 30 miles in the survey—that much has been unsurveyed—but that does not interfere with our existing rights. That we can leave alone or make a survey of it when we get ready. That is our loss, if we lose it by reason of not surveying it. We began our surveys at the deep-sea end and extend to the Copper River and across it and to a point about 6 miles above and opposite the upper end of what is known as

"Abercrombie Rapids." The feature of the crossing of Copper River is peculiar, and is most commanding, there being only about 1,600 feet of available crossing space at that point, because there is a glacier immediately below the crossing on the west side of the Copper River (Childs glacier), which juts out into the river, and then one above that on the east side of the river (Miles glacier) empties into a lake 200 feet deep, leaving only this small space for the crossing. And some other features are of interest, which I might mention, among which is the fact that it is an engineering impossibility to build a railroad up that river without going up what is known as "west bank."—that is, at least 90 per cent of it. We have selected that and established our right of way by a survey, and we feel that we ought to be protected in it.

MR. KLEPPER. You have an incorporation with a capital stock of \$2,000,000?

DOCTOR BRUNER. Yes; \$2,000,000. We will probably, from time to time, increase that capital.

MR. KLEPPER. And \$40,000 paid in?

DOCTOR BRUNER. We contemplate the expenditure of \$20,000,000.

MR. HIGGINS. None of it paid in?

DOCTOR BRUNER. There has been no stock issued.

MR. LLOYD. There has been no stock issued?

DOCTOR BRUNER. Not a share, except to the incorporators.

MR. LLOYD. Where are you going to get your money?

DOCTOR BRUNER. We have the cash on hand—all we want.

MR. LLOYD. Where are you going to get your money?

DOCTOR BRUNER. We are presumed to have it on hand; we claim to have it.

MR. LLOYD. Do you mean you have \$2,000,000 ready to expend this season?

DOCTOR BRUNER. Yes; as fast as we can expend it legitimately.

MR. LLOYD. You are in the best shape of any company that has presented itself.

DOCTOR BRUNER. I say we would be glad to see these other gentlemen get any aid they are asking. The bill pending will not reach our case, and we do not expect to avail ourselves of its beneficence.

MR. LLOYD. You expect to borrow money?

DOCTOR BRUNER. We have not contemplated that.

MR. KLEPPER. Who are the incorporators?

DOCTOR BRUNER. The incorporators are residents of Seattle. They have no property interest except to legalize their interest as incorporators.

MR. KLEPPER. Who are they?

DOCTOR BRUNER. They are not among those who are financing the enterprise.

MR. HIGGINS. Are you willing to state who is financing the enterprise?

DOCTOR BRUNER. I do not believe, if the committee think that is the point—

MR. HIGGINS. I do not want to insist upon it if you do not want to say.

DOCTOR BRUNER. My people are responsible people, and I am instructed, of course, and have been, to say nothing about matters of

this kind, as a matter of commercial policy. I am not prepared to discuss their financial affairs.

Mr. LLOYD. I do not suppose it is the disposition of any member of the committee to ask you for anything you do not want to give, but the other companies have gone into details.

Doctor BRUNER. Mr. Gordon mentioned our two principals, and I will not go any further than that. I believe I would be betraying confidence that is reposed in me if I did so.

Mr. KLEPPER. How extensive are the coal fields?

Doctor BRUNER. The Government report says 25 miles long and 8 miles wide; that would make about 200 square miles. Other reports give a little more than that. That is the field as already determined; how much greater it is in extent we do not know.

Mr. KLEPPER. How heavy is the vein?

Doctor BRUNER. The veins vary from 3 or 4 feet up to 76 feet. There are more than 20 separate and distinct veins in this field.

Mr. KLEPPER. What depth would you have to go to reach it?

Doctor BRUNER. There are parties there in whom I am interested that have driven on coal under ground a thousand feet. The coal—the measures outcrop and here and there are exposed, but where they outcrop they may be covered by debris; usually are.

Mr. LLOYD. Did you not state when you were incorporated who your incorporators were? Is not that a matter of record?

Doctor BRUNER. If they care to go to the record; yes.

The CHAIRMAN. The articles of association disclose that.

Doctor BRUNER. The incorporators are James Buzzard, J. C. Jeffrey, and William Ray, our attorney.

Mr. HIGGINS. But those are not the ones that are financing the company?

Doctor BRUNER. No, sir.

Mr. HIGGINS. They are not financially interested to any extent whatever?

Doctor BRUNER. Yes.

Mr. HIGGINS. In other words, they are dummy incorporators?

Doctor BRUNER. We incorporated under the laws of Washington, and my people are Pennsylvania people living at Pittsburg and other points in Pennsylvania.

Mr. HIGGINS. Have you a board of directors?

Doctor BRUNER. The trustees are the board of directors.

Mr. HIGGINS. The incorporators you have just named?

Doctor BRUNER. Yes, sir.

Mr. HIGGINS. No other directors as yet?

Doctor BRUNER. Not as yet.

Mr. HIGGINS. And do they also hold the offices in your corporation?

Doctor BRUNER. Yes; up to date.

Mr. LLOYD. Who is the president?

Doctor BRUNER. James Buzzard.

Mr. LLOYD. And who is your secretary?

Doctor BRUNER. J. C. Jeffrey.

Mr. LLOYD. And who is your treasurer—J. C. Jeffrey?

Doctor BRUNER. J. C. Jeffrey.

Mr. LLOYD. And what office do you hold?

Doctor BRUNER. None whatever, except that I am the resident agent of the company in Alaska. The law compels us to maintain a

resident agent there to accept service in case of action being taken against the company.

The CHAIRMAN. Is there any town at your southern terminus?

Doctor BRUNER. No; not of any consequence.

The CHAIRMAN. Are you going to make a town there?

Doctor BRUNER. Not that I know of at this time; it is quite probable, however, that a town will spring up there.

The CHAIRMAN. How much land do you get under the laws where you incorporate, under the laws of Alaska, for a terminal?

Doctor BRUNER. We have taken 60 acres or a fraction less for terminal purposes. The law gives us 60 acres.

The CHAIRMAN. You are on a good harbor?

Doctor BRUNER. Yes: we are on a good harbor. That is a problem for engineers to solve, and the opinion I might express on that subject might be like an opinion a lawyer might express about a sick man. We have had no fewer than six or seven competent engineers, under heavy bonds, to examine and report on that harbor, and I have several reports with me, and there is no doubt in the minds of those capable to judge as to the presence of a good harbor there. It suits us, and we are willing to put our money into it.

Mr. HIGGINS. Did you bring, Doctor, any plans or sketches that would show the location of your road?

Doctor BRUNER. Yes; I have copies of the whole thing here.

I have not probably all of them here, but I have more than a hundred miles, if the committee would like to see them and have the time to look at them, and I would be glad to exhibit them. They may be of interest to show the character of work we have done there. We have tried to do it as the law requires, honestly and efficiently, and hew to the line of the law in every respect, and we believe we have done that.

Mr. COLE. Does the law of Washington require a certain per cent of the capital stock to be paid in?

Mr. GORDON. No; it does not.

Mr. LLOYD. Does it require it to ever be paid in?

Mr. GORDON. Except in the case of banks—

Doctor BRUNER. The law requires a certain amount to be subscribed for, I believe, before application is made at the land office for a right of way; what the amount is I don't know. You will find certified copies of that in the office of the land commissioner.

Mr. COLE. Your stock is all subscribed?

Doctor BRUNER. It will be.

Mr. COLE. You are not authorized to do business in Washington under the law until your stock is subscribed?

Doctor BRUNER. I do not know what the law is, but the department is in possession of the necessary affidavit stating we are a duly incorporated body and qualified to transact business. That is another requirement of the land office.

The CHAIRMAN. How much of an incorporation fee do you have to pay?

Doctor BRUNER. I really don't know, Mr. Chairman. While we have paid for it, our attorney looked after it. I believe, however, it is only nominal in the State of Washington. I think it is \$10 license fee, and then \$10 a year after that, beginning on the 1st of June.

Mr. COLE. Do you mean to say a corporation can organize and go into business without subscribing or having any part of the stock paid in?

Doctor BRUNER. I don't know; I am not an attorney.

Mr. GORDON. The stock has to be subscribed before we could begin doing business as a railroad corporation. The stock or a certain percentage of it would have to be subscribed, but no certain amount has to be subscribed in order to go ahead and obtain a right of way.

Doctor BRUNER. I have no doubt if that has been required of us it has been attended to, because we have attended to every feature that we could, legally and otherwise.

The CHAIRMAN. When do you expect to begin railroad construction?

Doctor BRUNER. Within thirty days we expect to let contracts, first, for the construction of docks to allow steamers to land freight there, so as to establish a communication with the mainland, something that has never been had there yet.

The CHAIRMAN. How much will those docks cost?

Doctor BRUNER. Our engineers claim that \$150,000 will build all the necessary docks required at this time. When it comes to coal bunkers and things like that, of course, we will have to put more money into it.

The CHAIRMAN. How long would it take you to construct these docks, do you estimate?

Doctor BRUNER. I believe we will be able to be docking steamers there within sixty days after we begin our dock construction. That is about the usual time required for the construction of a dock. That will give us the necessary facilities for primary work. We can land our railway material and supplies of all kinds then, and we have to do that before we can really begin.

The CHAIRMAN. Then you contemplate beginning the construction of your railroad upon the completion of your dock?

Doctor BRUNER. Yes, sir.

The CHAIRMAN. And have you any rough territory to traverse before you get into the coal region?

Doctor BRUNER. No, sir; we have next to no rockwork at all for the first 85 miles. It is not an engineering feature to be considered.

The CHAIRMAN. But you have to travel only about 15 miles to get into coal?

Doctor BRUNER. Yes; that is, the first coal. We will reach the whole coal field with an average of 25 miles of line, say; but we reach the first coal a little less than 15 miles, which is a 22-foot seam.

The CHAIRMAN. What do you estimate that first 15 miles will cost you a mile?

Doctor BRUNER. About the same as it would cost to build across a prairie, with the difference in price of labor added, which would only be nominal. Our estimate of the cost per mile is a little over \$20,000 a mile for the entire line, so far as we have surveyed, and our surveys now extend beyond any engineering difficulties. This did not include the cost of turn-outs or stations.

Mr. COLE. What do you mean, simply the road bed?

Doctor BRUNER. The completed road, ready to putting the rolling stock on it, with the rails nailed to the ties.

The CHAIRMAN. You estimate it will cost about a thousand dollars a mile, or do you mean \$15,000 a mile?

Doctor BRUNER. The first 15 miles would not cost us to exceed \$15,000 a mile.

The CHAIRMAN. You stated all told it would cost \$15,000, I thought.

Doctor BRUNER. Fifteen thousand dollars per mile, I believe, is our estimate on the first 15 miles; but the average estimate of cost for the entire line is increased somewhat by the remoteness of the other end, the Yukon end.

The CHAIRMAN. That is something like 300 miles distant?

Doctor BRUNER. And we contemplate the construction of something like 700 miles ultimately.

The CHAIRMAN. It is more than 400 miles to Eagle, is it not?

Doctor BRUNER. No; I think it is hardly that.

A BYSTANDER. (It is more than that.) They are claiming the distance across as being less than 350 miles; I would say liberally 400 from the Gulf of Alaska to Eagle City by taking the Copper River route.

Doctor BRUNER. I could inform myself on the subject if you desire it.

Mr. LLOYD. I do not think we are concerned about that.

Mr. MCKINNEY. What you are asking this committee for is no special legislation?

Doctor BRUNER. None whatever.

Mr. MCKINNEY. But you are asking that in case House bill 4471 is recommended by this committee that it have certain amendments attached?

Doctor BRUNER. That is all we want. That would protect our case fully. If it does not we will be willing to take our chances with the field.

The CHAIRMAN. Any further questions? If not, we will be glad to hear Senator Turner.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Thursday, March 1, 1906.

The Committee on the Territories met at 10.30 a. m., Hon. Edward L. Hamilton in the chair.

STATEMENT OF HON. WILLIAM H. TAFT, SECRETARY OF WAR.

The CHAIRMAN. Gentlemen of the committee, this day was set aside for the consideration of the subject of Alaskan railroads, and we have with us Secretary Taft, who will now address the committee.

Secretary TAFT. I received notification to appear here, but I feel that my information on the subject under consideration is at second hand, and that I can hardly aid the committee with any evidence of particular value. I presume that my attention was enlisted for two reasons: First, because the law has imposed upon the War Department the duty of looking after the roads and trails outside of incorporated towns in Alaska, and second, because we have had a board

consisting of three army officers, with Major Richardson as its chairman, engaged in spending what little money there was in an attempt to give a little intercommunication between the settlements there by the construction of roads and trails. I want to say, generally, that that Board consists of very able officers, and they are capable of expending several millions of dollars instead of what has thus far been intrusted to them—\$28,000. I should have recommended the expenditure of a million dollars there under the direction of that Board, but it seemed unlikely that such a sum would be voted.

The law having placed in the War Department so much of the question of intercommunication in Alaska, I presume I can not escape responsibility by saying that the territory is not within the jurisdiction of the War Department. With respect to the question of railroads and Government aid, I have very little knowledge except that gained from examining reports and talking with Major Richardson. But I do know something about the effect of aiding railroads by guaranteeing the interest on their bonds from my experience in the government of the Philippines, and I am here to answer any questions that the committee may wish to put, with the reservation that my knowledge is gained from the same source that the committee itself has doubtless consulted.

The CHAIRMAN. If any gentleman of the committee desires to submit any question he may do so.

Secretary TAFT. I should like to put in one word for the appropriation of \$150,000 which I have recommended on the suggestion of Major Richardson for the improvement of the trails, for I am sure that money could be most profitably expended. The law as it exists to-day gives certain receipts of an internal-revenue character for the expenditure of that board. I believe that the source of the receipts is chiefly the licenses paid by the canning industries, outside of the incorporated towns, of which there are, I believe, six. The amount which will probably be realized from the full receipts of last year will be \$88,000. If that be supplemented by \$150,000 I think something substantial can be accomplished in the way of making trails of importance, both strategically—that is, in the movement of troops—and, secondly, and chiefly, in assistance to intercommunication in the territory.

The CHAIRMAN. Major Richardson spoke particularly, as I recall, in relation to a trail westward from Rampart into the Seward Peninsula. Is this a trail or a railroad?

Secretary TAFT. A trail at first. Do I state it correctly, Major Richardson?

Major RICHARDSON. In making a reconnoissance for use in laying the trail, and also for a railroad in case one should ever be decided upon.

Secretary TAFT. I have talked to Major Richardson about that, and it seems to me that if the Executive is so empowered he ought certainly to have the \$25,000, or perhaps a larger sum, to make the reconnoissance survey on which could be based a survey for a trail, but chiefly for a railway. I understand that the general character of the territory through which the proposed railroad would have to run is fairly well known, but no survey has been made, and until one is made a definite idea as to the cost of the railway, or as to its feasibility, can hardly be formed.

The CHAIRMAN. That is the most important project, the Chair understands, before this board of which Major Richardson is chairman, at this time. It is one of the most important, perhaps, inasmuch as this survey might lead to the extension of a trunk line from Rampart westward.

Secretary TAFT. Yes, sir. Major Richardson's idea, as I gather it, is that there ought to be a railway line from what is open water all the year round, either from Valdez or from Resurrection Bay, to the Tanana River, which has become an important mining center, and that then a road should be constructed from the Tanana mining district over to Rampart, which would cross the Yukon River near there, and which is the only practicable place for constructing a bridge across the Yukon (as Major Richardson states it) within 1,500 miles, and that then from Rampart, running immediately west, it shall form a route clear out to the west coast of the Seward Peninsula, to Nome.

The CHAIRMAN. In the discussion of this subject of railroads in Alaska and in the discussion of the subject of government aid in the construction of railroads, the Philippine government-aid proposition has been frequently referred to. Will you kindly discuss that subject?

Secretary TAFT. Yes, sir. Congress at its last session authorized the Philippine government to invite the construction of railroads by guaranteeing the interest on bonds to be issued by the railroads, this guaranty to cover thirty years for the payment of interest, and providing that at the end of thirty years deficits in interest which the government under its guaranty would be obliged to take up should become liens from the time they were paid, but that they should be foreclosable as under a mortgage, subject only to a mortgage to secure the principal of the bonds, and that then the government might collect the deficits due. The advantage to the persons who were to construct the railroads was not in a gratuitous contribution of money, but it was in assuring to those who might buy the bonds the certainty of the payment of the interest on them for thirty years. Those who took the bonds were secured by a mortgage on the railroad itself, and they were secured of necessity for thirty years by the guaranty of the government. Of course, the interest being paid, the government was then secured by this mortgage, subject only to the principal of the bonds which might then be due.

Mr. LLOYD. In this connection may I interrupt you to ask this question? Do you understand that to be the guaranty of the Philippine government alone or a guaranty of the United States Government as well?

Secretary TAFT. There is no guaranty by the United States at all. The United States has never guaranteed any of the bonds of the Philippine government. But it is only fair to say that the men who accept such a guaranty and the men who take such bonds or other bonds issued by the Philippine government itself are, of course, influenced by the fact that while those bonds were not issued by the United States, their issue was authorized by Congress, and they rely on the honor of the United States Government to see to it that the bonds issued under its authority by an agency like the Philippine government should never go to protest.

Mr. CAPRON. Has the plan been as successful in inducing capital to the extent it was supposed it would be?

Secretary TAFT. Not as fully as we hoped it might. I have talked with bidders. One intending bidder who was giving to the public the benefit of his views, but who did not in fact bid, protested against our acceptance of other bids on the ground that we had set out too distinctly in our invitation for bids that these bonds were not government bonds, but were bonds of the railway company, and that the obligation of the Philippine government was limited to a guaranty, and that they were not bonds which were exempt from taxation or which by the consent of the Secretary of the Treasury could be received for deposits to secure circulation. He protested against the awarding of the bids under those circumstances, because we had set out those facts which he said interfered altogether with the floating of those bonds. Apparently he objected to our preventing him from taking advantage of intending buyers of the bonds by giving the general impression that they were government bonds, instead of railroad bonds—an objection that did not appeal to those of us who were responsible for their issue. But there is this to be said with respect to them: I have been informed unofficially that those who took advantage of the guaranty have been able to dispose of the bonds at from 90 to 95 per cent—perhaps as high as 95 per cent—on account of the guaranty. I am not familiar with the price which such bonds without a guaranty ordinarily sell for in the market, but I fancy that that was a good sale, and that there was a substantial increase in the price by reason of the government guaranty.

The CHAIRMAN. The bids have been awarded, have they?

Secretary TAFT. Yes, sir. Bids have been awarded on three lines—one in the island of Panay, 100 miles; one in the island of Cebu, 100 miles, and one in the island of Negros, 100 miles. Indeed, it is possible that these lines may run up to 125 miles each. The guaranty covers the main stems of the lines. They are permitted to build branches to reasonable distances for the purpose of getting business, but those branches do not come within the guaranty and are not to be paid for out of the proceeds of the bonds. In Luzon, which is the most important railroad center, we have a bid without a guaranty. There is a line of railroad now, 120 miles long, running from Manila to Dagupan, almost in the center of the main plain north of Manila, and the people who are interested in that road (English and American stockholders), instead of undertaking to build by a guaranty, have made a proposition to build without one, and that was under invited bids as well. But we have not closed with them, for the reason that there are some parts of their proposition that seem to us objectionable, and we have carried on negotiations, but I am not sure whether we will be able to reach a result or not.

The CHAIRMAN. Is it proposed to build a railroad westward in the province of Benguet?

Secretary TAFT. No; they propose to carry a railroad to a station very near on the Benguet road, which is at the foot of the hill, so to speak. It is proposed beyond that, on the government road, which has been constructed at great expense, to invite somebody, if possible, to build an electric road running up the incline about 5,500 feet, but this company proposes to build only on the level up to the foot of that road. It is station No. 1.

The CHAIRMAN. I am not entirely familiar with the Philippine aid bill. Does it limit the mileage of the railroads?

Secretary TAFT. No, sir; it limits the contingent liability under the guaranty to \$1,200,000 a year. This would be 4 per cent on \$30,000,000.

Mr. CAPRON. You are probably familiar with the scheme proposed for the indorsement of bonds of the Alaska Central Railroad, are you not?

Secretary TAFT. I think it was Mr. Lovering who came to me, and also some gentlemen who are interested in Alaska—perhaps I ought to go back and say that last year I was visited by some gentlemen from Alaska, probably because Major Richardson is regarded as the “father” or “uncle” of the Territory and because we were successful in getting through the Philippine bill on railroads. These gentlemen talked to me about the government of Alaska. They rather objected to bringing it under the Insular Bureau, because they thought it reflected on the color of their skins. They thought the Insular Bureau was adapted only to brown skins, and they did not care to have that reflection cast on the people of Alaska. But this year they have returned again with the idea of giving the War Department limited jurisdiction in respect to railroads. Of course, in the War Department we are willing to accept any burden that Congress sees fit to put upon us, but we are not hunting any additional burdens, and my only idea in coming here is to assist the committee, and not to place any more irons in the fire or to get any more investigations than the War Department now has on hand.

The plan, as I understand it from Major Richardson, is to construct a trunk line which shall go from the open water of the Gulf of Alaska up into the mining regions and around to the Nome Peninsula. There are two private interests—one which is constructing a railroad from Valdez to the copper mines, and another which is constructing a railroad from Resurrection Bay up to the Tanana mining district. These two lines in a general way would be parallel, but at such a distance from each other that I should not think they could be called parallel. They would ultimately reach Fairbanks by different routes, and then the route is to continue down the Tanana Valley to Rampart, and then from Rampart over to Nome. Whether those two lines—the Alaska Central and the Copper River lines—will be constructed by private capital or not is, of course, a question for the committee to decide. If they can be constructed by private capital, of course it is better that they should be. From what Major Richardson tells me, I have not the slightest idea that the line from Rampart over to Nome would be through a country sufficiently encouraging to lead to an investment by private capital; and if it is to be built it will have to be built by Government aid. As to the question whether the two lines into the Tanana Valley and the Tanana mining district would be built by private capital, of course the committee is better able to judge than I am. I understand that the Alaska Central road has built about 40 to 50 miles, and that now, to use a common expression, they are “up against it”—they have not the money to go on with it. Whether other private interests could construct a line is a matter upon which I hear conflicting evidence, and the committee doubtless has better means of finding out than have I.

The CHAIRMAN. It appears from statements made to this committee

that there is, as you have outlined, a railroad project from Seward. That is near Resurrection Bay?

Secretary TAFT. Yes.

The CHAIRMAN. Northward, with Fairbanks as its possible northern terminus and Rampart perhaps as its ultimate northern terminus, and that road has, as you have stated, been constructed to mile 45 and contracts have been let for construction to mile 105.

Secretary TAFT. I have been told by representatives of the Alaska Central Railway that they can not float their bonds any further, and that they can not continue that construction to mile 105.

The CHAIRMAN. Another project which is entertained by a syndicate, representatives of whom have appeared before this committee, is for the construction of a railroad somewhere near the mouth of the Copper River northward to Eagle, on the Yukon, a distance of something over 500 miles.

Secretary TAFT. Well, that, Mr. Chairman, would veer off to the right or to the east away from the Copper River line that I have described. The Copper River line to which I have referred is one which would pursue its way up to the Tanana River and reach Fairbanks. In other words, there would be a fork between the two roads.

The CHAIRMAN. What I wanted to inquire is whether you think, if those two roads should be constructed, say, one northward to Fairbanks and the other northward to Eagle, their construction would sufficiently for the present or for some time to come open up the internal resources of Alaska. That would be something like 1,000 miles of railroad. They would be 150 miles apart at their southern termini and about 600 miles apart at their northern termini.

Secretary TAFT. Well, of course, that would be a great advantage, and they would develop that end of Alaska. But it seems to me that you will have to have Government aid if you are going to connect the Nome Peninsula with the other part of Alaska. Of course the question when that shall be done may be a matter for discussion. Possibly it would be easier to determine that after those railroads are built by private enterprise, if they are to be so built.

The CHAIRMAN. It would seem to me, personally, without attempting to express the opinion of any other member of the committee, that if these two railroads could be constructed their construction and the opening up of the internal resources of Alaska along the Yukon and the Tanana rivers would probably stimulate the construction of the other lines westward into the Seward Peninsula, of which you have spoken.

Secretary TAFT. Possibly so. But there is this to be said about that line running from Tanana to Nome. There is no business there now at all. In the Philippines we have along every line quite a large population. The Philippines have a population of between 7,000,000 and 8,000,000, and the oriental likes to "see the wheels go round" and to feel them go round, and he travels with a great deal of assiduity. He spends all the money he has in traveling, and the result is that in the oriental countries the ratio of receipts from passenger traffic to the receipts from freight traffic is exactly the opposite of what it is in western countries—to wit, in western countries the ratio is about 65 per cent for freight traffic and 35 per cent for passengers. That is true on every line in this country except the New York and New Haven Railroad. Whereas in the Orient the

ratio is just exactly the opposite. It is about 65 per cent for passengers and 35 per cent for freight. In the Philippines, therefore, with the people there we can count on the passenger traffic, which will help the payment of the interest on the bonds. Here, from Tanana to Rampart and from Rampart to Nome, you have an absolutely deserted country, through which, if you are going to get a line which will unite the two districts, it seems to me you will have to have Government aid, and I should think that that would be the case for a number of years to come.

The CHAIRMAN. I want to call your attention to certain statements which have been made to this committee in reference to the coal and copper deposits in Alaska, over in the Copper River Valley and in the Tanana Valley, and to ask you to speak about the subject of coal and the importance of coal to the Pacific coast.

Secretary TAFT. It is a very important matter, Mr. Chairman. The Pacific coast is in a bad way as to coal. We are hunting coal in the Philippines. We have authority now to buy coal lands for \$50,000 with the hope of developing them. I am told that this coal in Alaska is very nearly as good as the Welsh coal or as the Pocahontas coal. If so, it is of the utmost importance to our Navy (I mean the Government Navy), as it indeed would be to the whole traffic of the coast.

The CHAIRMAN. It has been stated here that we are obliged to use Welsh coal in our war ships.

Secretary TAFT. Well, I presume that on the Pacific Welsh coal is frequently bought for the Navy. It has not any better steaming qualities than the Pocahontas coal. Indeed, I think not so good. But the very facilities for getting the Welsh coal doubtless places it at points on the Pacific where the Pocahontas coal is not brought, and where the Navy buys it because it can get it.

The CHAIRMAN. It has been stated that the price of Welsh coal is about \$14 a ton, and that this Alaskan coal could be brought to the seaboard and sold there at \$7 a ton.

Secretary TAFT. For about \$7; yes. I should think that was very important so far as the Navy is concerned.

The CHAIRMAN. The opening of those coal fields and the copper fields would give considerable business to those lines of railroad?

Secretary TAFT. Oh, yes. But I was speaking about the line beyond that to the Nome Peninsula. I do not say that there may not be mineral resources along there. Capital does not like to go so far away as the Philippines because of the heat of the tropical regions; here it is because it is supposed that everything is frozen up all the year round.

The CHAIRMAN. It is said that these copper mines of Alaska are of very, very great value—are very rich, indeed. Have you made any investigation of these mines?

Secretary TAFT. No, sir; I do not know anything about that. But I only know, to revert again to the Tropics, that there is a very valuable field in the Philippines, but until we get at it it might as well be clay. But I presume that these mines are easier to be reached than are those in the copper regions of Alaska.

Mr. STANLEY. Have they the facilities for mining copper in the Philippines that they have in Alaska?

Secretary TAFT. Not in the mountains. It is a very rich vein, I

am told; but it can not be reached. It is in a region where a white man can work. It is up high in a healthful portion of the country, and is as if it were in a part of the Temperate Zone. There are a good many miners there now looking for gold, but not so many for copper. But, if we should reach the vein in the Philippines by a railroad, as I hope we may some day, I do not think there will be any trouble about securing labor for that particular field.

Mr. STANLEY. In what island are these mines?

Secretary TAFT. In Luzon, in the northern part of the province of Benguet, and the southern part of the province of Lepanto-Bontoc.

Mr. STANLEY. Have you made any investigation as to the agricultural possibilities of Alaska?

Secretary TAFT. No, sir. I was told that the Sushitna Valley is quite capable of raising the hardier cereals and is a surprise to the individual who expects to find perpetual snow there. That is all I know about it.

The CHAIRMAN. Is there any member of the committee who desires to submit any further questions?

Mr. LOVERING. Mr. Secretary, have you any objections to stating to the committee what your impressions are as to the desirability of extending Government aid to the railroads, as has been described, for the development of Alaska?

Secretary TAFT. I should think that if we could get railroads built without Government aid it would be better to do so; and Major Richardson tells me that there is some doubt in his mind as to whether the two routes (the southeastern routes that have been described—the Copper River route and the Alaska Central route) might not be taken up by private enterprise; but he thinks that will be determined in the course of six months or a year. In the meantime there should be a survey of the whole route, because if the bill goes through that is proposed the President would certainly take a year to decide what route he ought to authorize the guaranty of bonds on.

The CHAIRMAN. By the "whole route" do you mean the surveyed route northwesterly in the Seward Peninsula?

Secretary TAFT. From the Tanana district. I presume the route from the coast to the Tanana district is fairly well known now from reconnaissance surveys; but from the Tanana district to Rampart, and from Rampart to the Nome Peninsula I think certainly ought to be investigated by competent army engineers before action should be taken by the Executive.

The CHAIRMAN. You think it very important that there should be an appropriation of \$25,000 to make a preliminary survey from Rampart?

Secretary TAFT. I do, sir. I think that is very important, whether you have Government aid or not. I think it is the business of the Government to open up Alaska and to furnish certain knowledge upon which investments could be invited.

The CHAIRMAN. I think no such bill has been introduced. At least, no such bill has been referred to this committee. Has any member of the committee knowledge of such a bill? Major Richardson, has any such bill been introduced?

Major RICHARDSON. No, sir; not that I know of. It is simply embraced in that memorandum that the Secretary submitted.

Secretary TAFT. With respect to the advisability of Government aid, as I say, I feel that private investment ought to be given an opportunity, if possible; but on principle I am not in the slightest degree opposed to Government aid in this matter, because in these slowly developing dependencies of the United States I feel strongly that it is the business of the United States to encourage improvement. But I have a great hesitancy in expressing an opinion here, because I do not feel that my knowledge of the situation in Alaska is sufficiently intimate to make any opinion that I have valuable to the committee, upon the principal issue as to whether this aid should be granted now or delayed a year or two. That is my position.

Mr. LOVERING. There are some parts of Alaska that are more easily managed than others, are there not? You are aware that there is in the Nome Peninsula a road under construction?

Secretary TAFT. That is about 20 miles long.

Mr. LOVERING. It is about 50 miles long. Eventually it will be 150 miles long. The Nome Peninsula produced last year six and one-half millions of dollars worth of gold, and there the days are so short that it is impossible to work in the construction of that road more than three or four months in the year at the outside. The people who are constructing that road have, as you say, reached a point where they are "up against it." They have already expended over a million dollars, and they want to carry the road through. They come through these vicissitudes, asking that the Government guarantee the interest on their bonds.

The CHAIRMAN. What road is that, Mr. Lovering?

Mr. LOVERING. That is the road on the Seward Peninsula, from the mouth of the Solomon River up that river to Council City. They have already expended \$1,000,000. That has been represented to you several times here, and I think the committee are familiar with it.

Secretary TAFT. I ought to say, with respect to the Alaska Central Railroad and the railway which Mr. Lovering mentions, that the guaranteeing of the bonds for the further construction of those roads would present some technical difficulties with respect to securing to the Government a return of the interest guaranteed, because of the now underlying lien of bonds which have probably already been issued to pay for the present construction. Now, that might be avoided by having all the bondholders and trustees for the bondholders waive their liens, so as to give the Government all the bonds to be issued under its guaranty an underlying lien and secure to the Government the lien which it has under the Philippine Railway act, to wit, for the repayment of the interest or lien subsequent to those of the underlying bonds. I have very strong convictions with respect to offering to those who are willing to imperil their money and make venturesome investments in dependencies of that sort, an opportunity to get a good return on their money. I think it was Mr. Thomas B. Reed, the former Speaker of the House of Representatives, who said that legislation should not be objected to in the interest of the people because somebody might make a dollar out of it. I think that legislation should not be objected to because there is a prospect of profit to somebody who is willing to invest his money there. I think that there should be a possibility of reward. Of course, when the Government does guarantee interest it reduces the risk, and so it ought to reduce the rates of interest. Therefore, 4 per

cent was found to be sufficient in the Philippines. Ordinarily, such railroad bonds would bear 5 per cent or 6 per cent interest, as I am told.

The CHAIRMAN. Has American capital been invested in these roads in the Philippine Islands?

Secretary TAFT. Yes. In the three lines which have been awarded the capital is all American. The gentleman chiefly interested is, I think, Mr. Swift, of Detroit. Mr. Cornelius Vanderbilt, Mr. Solomon, of New York, and Mr. Ekleheimer are also interested in these lines. They are all New York firms, with the exception of Mr. Swift.

Mr. STANLEY. Are any of these roads in operation?

Secretary TAFT. Oh, no. We have just closed the contracts. That is, the Philippine Commission has formally accepted their bids, and I have just finished drafting the concessionary grant which will be sent out to the gentlemen of the Commission for their consideration and adoption, and the work will then begin as promptly as possible after the location surveys have been made and submitted to the governor-general.

Mr. STANLEY. When does the interest run on these bonds—from the day the work is in operation, or from the time of the sale of the bonds?

Secretary TAFT. The bonds are issued on divisions of 20 miles of construction, and the interest runs on the bonds from the time they are issued. But they count in the cost of construction, the interest on the money involved in that 20-mile construction; and they also count 15½ per cent for contractor's profit entering into the actual cost of the construction. We left the question of contractor's profit to the competition for bids, and that was the result.

The CHAIRMAN. And those bids are awarded by the——

Secretary TAFT. The Philippine Commission. They were invited from the War Department. Well, indeed, bids were invited to be deposited both at Manila and here, but all the bids were placed here and we examined them. They were once invited and the bids were not satisfactory, and we advertised again, and it was on the second advertisement that the bids were awarded.

Mr. CAPRON. I do not know whether you care to enter into a discussion of the questions that I am about to propound, but it seems to me, in regard to the railroads now under construction in Alaska, that there is a general consensus of opinion that they ought to be helped as far as the future financing of these roads is concerned now. Would it seem to you, sir, that the element of time is a considerable factor? In other words, if they are delayed in the further progress of these roads by reason of their inability to finance the schemes and the delay continued for another year or two years, do you think it would very materially obstruct the development of Alaska so much that in a general way the committee ought to be prompted to do something at this session of Congress rather than to wait for further developments? Perhaps that question ought not to be asked, but the committee is in trouble on that question.

Secretary TAFT. And then there is another trouble, as I understand it, and that is for the reason that there are two conflicting interests, at least there are two competing interests, and then there is the shadow of Government aid, and the committee is in danger of falling between the three stools and blocking the whole business, for private

enterprise will wait, because there will not be that striving for private investment that there would be if there was no prospect of Government aid at all. It would undoubtedly aid matters considerably if the committee could give any certainty as to what its course was going to be. I feel that, leaving out of view those lines which private enterprise has shown some disposition to build, there ought to be no hesitation on the part of the committee in giving to some authority, either the War Department or some other Department, authorization to make an investigation under the \$25,000 appropriation, so as to ascertain the availability of the different routes.

The CHAIRMAN. As to the route southward the committee has had the advice of Major Richardson, and I think it has been the consensus of opinion among those making the investigation that two lines projected by these syndicates, one desiring to run up the Copper River Valley, and the other from Seward northward, would be desirable routes for opening up the internal resources of Alaska; and perhaps in this connection it ought to be stated that representatives of at least one corporation have appeared before the committee and stated that they did not need any Government aid at all, as they had large capital, and the representatives of another syndicate have at least expressed a very good hope that they might be able to construct a line from somewhere near the mouth of the Copper River northward to the Yukon without Government aid. That very same syndicate which so expressed itself was at first here asking that the Government guarantee interest on its bonds.

Secretary TAFT. The proof of the pudding is in the eating. If they could manage to construct a road in a year or so of course the committee would be relieved on that point.

Mr. MOON. If I correctly understand the effect of your statement, it is that you think the wise thing for this committee to do would be to wait until it gets a little more information.

Secretary TAFT. I think it is wise to get information at any rate, because if you were to confer power on the Executive to guarantee bonds he would have to take time to get information. He could not act unless he ascertained the circumstances which would justify his using the power which Congress might give him of incurring governmental liability in guaranteeing bonds.

Mr. LOVERING. Would it not militate against the construction of these roads considerably if, without Government aid in this way, they were compelled to sell bonds for whatever they could get in the market to-day, which would probably not be over 50 or 60 cents on the dollar, thereby increasing the cost of the road?

Secretary TAFT. I think that is true.

Mr. LOVERING. Is not that a good reason for moving promptly in the matter?

Secretary TAFT. My own judgment is that when you come here next year, because of the discussion which is pending, you will be not much further along that you are now, except that if you appropriate money for surveys you will know more about the routes. This controversy is one with which we are familiar in the Philippines.

Mr. LOVERING. I would like to say, inasmuch as the Secretary has said that if there were bonds already issued it would make it difficult for the Government to take care of the new issue—

Secretary TAFT. I did not say it would make it difficult, but I said it was one of the difficulties which must be adjusted in some way.

Mr. LOVERING. In western Alaska, where they have expended \$1,000,000 in all, there have been issued only \$350,000 in bonds, and those bonds would be subordinated to the new issue.

Secretary TAFT. That would, of course, remove the difficulty.

Brief of Hon. James K. Jones in relation to H. R. 4471, filed March 1, 1906.

The Alaska and Pacific Railway and Terminal Company, a corporation organized under the laws of the State of Washington, having among its stockholders a number of capitalists of ample means, proposes to vigorously prosecute the work of building a railway in Alaska under the law as it now stands, unless material advantages should be given by special legislation to rival corporations, which would put it at a disadvantage in competing with them.

In the Fifty-fifth Congress (1898) a number of special bills proposing to authorize different corporations to build railroads in Alaska were introduced. None of these was passed, but in lieu of them all a general law, under which all companies had equal rights and equal opportunities, was passed. This general law seems to have been carefully considered and wisely framed; but if, in the opinion of the committee, privileges and immunities not provided in this law should be extended to some railroads, then we think that such privileges and immunities should be extended to all railroads proposing to build in Alaska.

Under this general law any railway company duly organized "under the laws of any State or Territory, or by the Congress of the United States," may proceed. If this law is in any respect defective, it should be amended, but such amendments ought to apply to all railroads in Alaska. There ought in no case be one law for one road and another law for others.

We have not the slightest objection to Congress authorizing the organization of the company proposed under H. R. 4471, but if such organization should take place we think that that company should proceed just as all others are required to do.

The last proviso of section 4 of the act of May 14, 1898 (30 Stat. L. p. 410), is as follows:

"That any such company, by filing with the Secretary of the Interior a preliminary actual survey and plat of its proposed route, shall have the right at any time within one year thereafter to file the map and profile of definite location provided for in this act, and such preliminary survey and plat shall, during the said period of one year from the time of filing the same, have the effect to render all the lands on which said preliminary survey and plat shall pass subject to such right of way."

While section 5 of H. R. 4471 is as follows:

"That said company shall file with the Secretary of the Interior within one year after the passage of this act a preliminary plat of its proposed route, and it shall within one year thereafter file the map of definite location provided for in this act, and said preliminary plat shall from the time of filing the same have the effect to render all the lands upon which said preliminary plat and route shall pass subject to said right of way."

Roads building under the general law must make a preliminary "actual survey" on the ground and file a plat of such survey, accompanied by field notes "so complete that the line may be retraced on the ground."

The regulations of the Interior Department under the law provide that "on account of the conditions existing in Alaska, surveys based wholly on the magnetic needle will not be accepted." Also, that "a true meridian shall be established as accurately as possible at the initial point. It should be permanently marked and fully described."

The regulations also require that—

"Connections should be made with other surveys, public or private, whenever possible; also with mineral monuments and other known and established marks. Whenever a sufficient number of such points are not available to make such connections at least every 6 miles, the surveyor must make connection with natural objects or permanent monuments.

"Along the line of survey, at least once in every mile, permanent and easily recoverable monuments or marks must be set and connected therewith in such positions that the construction of the road will not interfere with them. The locations thereof must be indicated on the maps."

All these regulations seem to be reasonable and just, yet if H. R. 4471 passes in its present form, the company provided for in that bill would seem to be exempt from all these requirements.

Section 2 of the law referred to above reserves the title to all tide lands and declares that all "such rights shall continue to be held by the United States in trust for the people of any State or States which may hereafter be erected out of said district."

On the other hand, section 10 of the pending bill proposes to grant to this particular company "2,560 acres of the public lands, to be selected by legal subdivision, nonmineral in character, together with the mud flats in front thereof, at its terminus at or near the head of Cordova Bay," etc.

A body of land, say, 4 miles along the water front at the terminus of this railroad, running a mile back and embracing the whole of the mud flats in front, would be a very important grant which this particular road would enjoy, while all others would be denied a similar privilege.

In section 5 of the present law will be found the following language:

* * * "Or if the entire road shall not be completed within four years from the filing of the map of definite location, the rights herein granted shall be forfeited as to any such uncompleted section of road, and thereupon shall revert to the United States without further action or declaration." * * *

While section 6 of H. R. 4471 contains the following provision:

* * * "Or if the entire road shall not be completed within five years from the filing of said preliminary plat of location, the rights herein granted may be forfeited as to any uncompleted portion of said railroad, by Congress."

A proviso in section 6 of the law provides that—

"All lawful claims of laborers, contractors, subcontractors, or material men, for labor performed or material furnished in the construction of the railroad, tramway, or wagon road, shall be a first lien thereon and take precedence of any mortgage or other lien."

If any similar provision is in H. R. 4471 we have overlooked it.

Section 8 of the present law provides, in conclusion, as follows:

"In all conflicts relative to the right of way or other privilege of this act, the person, company, or corporation having been first in time in actual survey or construction, as the case may be, shall be deemed first in right."

This provision is so manifestly just that there should be no doubt that it is and should remain in full force and effect as to all roads.

There are other special privileges provided in favor of the company proposed in H. R. 4471, but those pointed out above are perhaps the more important, and these seem to be enough to justify our contention that all roads should be built under and in conformity to the general law.

That this was the intention of the Committee on the Public Lands in advising the enactment of the present law appears from the report of Mr. Lacey, of Iowa, for the committee in the Fifty-fifth Congress when he said:

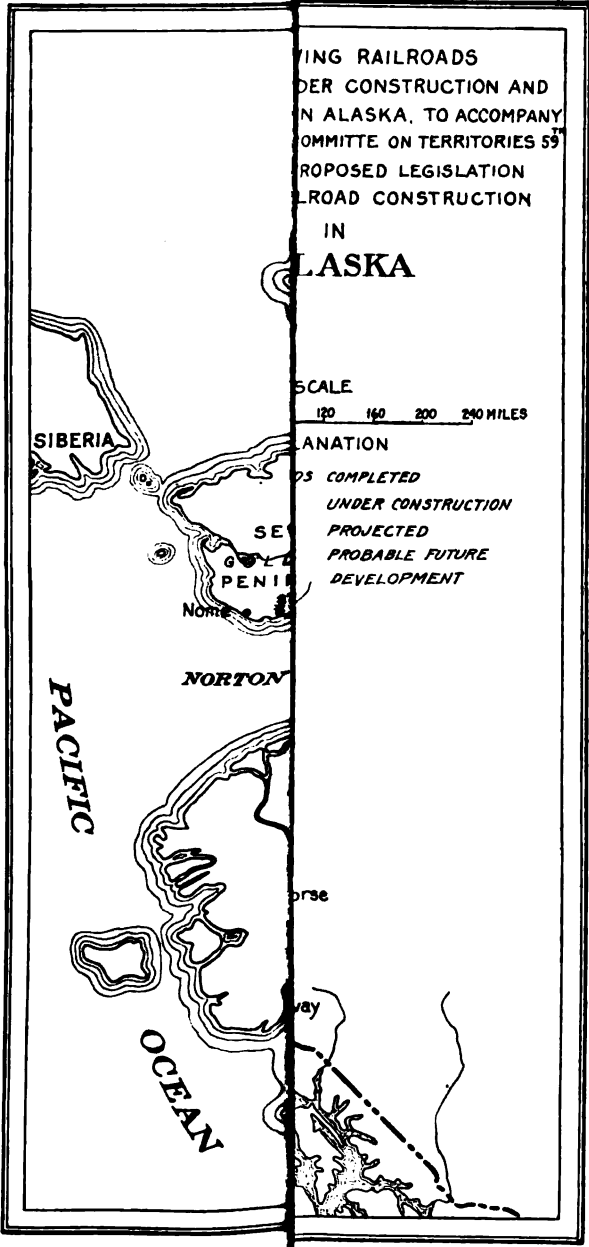
"Numerous schemes have been proposed, but your committee have declined to consider any specific proposition of any individual or corporation, but we think that any legislation on the subject should be general and open to all persons alike."

Respectfully submitted.

JAMES K. JONES.

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COMMITTEE ON THE TERRITORIES.

STATEHOOD

FOR

ARIZONA AND NEW MEXICO.

JANUARY 16, 17, 18, 19, AND 20, 1906.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1906.

STATEHOOD FOR ARIZONA AND NEW MEXICO.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Tuesday, January 16, 1906.

The committee met at 11 o'clock a. m.

Present: Messrs. Hamilton (chairman), Capron, Powers, McKinney, Cole, Higgins, Klepper, Reid, Lloyd, Beall, Webb, Smith, and Kalaniana'ole.

Present also the following delegation from Arizona: Dwight B. Heard (chairman), Roy S. Goodrich (secretary), W. S. Sturgis, J. J. Riggs, Eugene B. O'Neill, Lee Crandall, R. E. Morrison, A. J. Chandler, George French, A. J. Doran Stewart, Rev. Harvey Shields, and Father Alfred Quelu. There arrived later B. A. Fowler and A. J. Sampson.

The CHAIRMAN. I wish to state, gentlemen of the committee, that on Saturday afternoon the chairman received a special delivery letter from Mr. Heard, who is here representing a delegation of gentlemen from Arizona who desire to be heard on the subject of statehood for Arizona and New Mexico. The Chair believes that it is the desire and intention of every member of this committee, without regard to political affiliation, to extend to these gentlemen every courtesy. The Chair therefore called a meeting yesterday for the purpose of hearing the gentlemen from Arizona, but through a misunderstanding they were not present. They are here to-day.

Now, gentlemen from Arizona, who will speak for you?

Mr. SMITH. Mr. Chairman, only a word. For eighteen years, now, I have been fighting for the statehood of Arizona, with what success you are aware. I now find myself fighting against it. I am opposed to the statehood bill, and these gentlemen here are in harmony with that statement. If there is a member of the majority open to conviction—and I do not know but that they have studied the case as closely as I have; and if they have, it is an act of supererogation on my part to take up the time of the committee in trying to convince my friends—and he would like to read what I have said in the past, I shall take pleasure in collating my remarks.

Every man here has come on at his own expense, and some of them at great hardship financially. They are here with the purpose, if they can, to defeat a measure that they think not only attacks their Territory as a whole, but which means ruination to their homes and common school system. I hope the committee will give these gentlemen the attention which I know their high standing at home deserves.

The committee, I know, will excuse me, and the gentlemen here will excuse me from making any further remarks. The committee have heard me so often on the question that I would not bore them with a repetition. They are well acquainted with my attitude.

I bespeak for these gentlemen your kindest consideration, with my guaranty of the absolute integrity, honor, and uprightness of every man who will appear before you.

The CHAIRMAN. I desire to say that any friends of Mr. Smith, of Arizona, will receive the most cordial consideration at the hands of this committee.

What gentleman desires to be heard first?

Mr. HEARD. I desire to say a few words, Mr. Chairman.

STATEMENT OF MR. DWIGHT B. HEARD, OF ARIZONA TERRITORY.

Mr. HEARD. Mr. Chairman and gentlemen, I want to say first, speaking for the committee of Arizona business men that are here, that we thoroughly appreciate the courtesy that you have shown us by granting us a hearing.

Our delegation at present is composed of 18 men, and we come from 10 different sections of the Territory, representing varied interests. As chairman of our delegation I have apportioned the addresses that are to be made to you among the delegates. Each delegate will speak on some particular phase of the situation with which he is particularly conversant.

What I wish, especially, to bring to the attention of the committee is the sentiment of the people of Arizona on this question. We, the committee, representing all sections of the Territory and representing both Democrats and Republicans and all classes of our people, find that a vast majority of the people of Arizona, regardless of politics or business, are utterly opposed to the proposed joint statehood bill. In order to get at the sentiment of the people of Arizona on this question we adopted a plan, of which I will speak briefly. On the last day of the Territorial fair, held at Phoenix, the people of Arizona were assembled in the grand stand from all sections of the Territory. The railroads having made low rates the people from every county, town, and city, cowboys from the hills, farmers, and men of all classes and conditions were in the stand. It was packed. There were over 3,000 persons present.

Without any preliminary exciting of the crowd by oratory or any statements which would tend to swerve their judgment one way or the other, we made the announcement through a megaphone that all who were opposed to joint statehood were to arise. The grand stand rose as one man.

In order to ascertain whether that was merely a temporary sentiment or the real sentiment of the people, 50 men, who had volunteered for the purpose, passed through the grand stand with petitions, simply reciting the opposition of our people to joint statehood.

That petition was signed within thirty minutes by over 3,100 persons. I have it here before me, and I wish to present it as one of the documents in the case.

We had the men who went out with the petition keep a careful poll of those who refused to sign the petition. Every man in the crowd

was approached, and the poll shows that less than 2 per cent of those present failed to sign.

We therefore believe we are perfectly safe in saying that the 98 per cent who signed the petition fairly reflects the sentiment of the people of Arizona on this question.

Mr. REID. On what occasion was that?

Mr. HEARD. It was the last day of the Territorial fair, held at Phoenix December 30, 1905.

Mr. REID. People attended the fair from throughout the Territory?

Mr. HEARD. From throughout the Territory. I would like to read that petition to you, if I have the time:

We, the citizens of Arizona, in attendance at the first annual Territorial fair, on Saturday, December 30, do hereby earnestly protest against the proposed union of Arizona and New Mexico to form one State.

We are freeborn American citizens, who have inherited as a birthright the principles enunciated in the Declaration of Independence and the Constitution of the United States. Among these is the right to self-government.

We fear that the Congress of the United States may be deceived as to the sentiment in Arizona by partisan zealots. We submit that we are capable of knowing what is for our best interests, and we affirm that with almost no exceptions our people are unalterably opposed to this obnoxious union.

We do not believe that the exigencies of party politics justify forcing the people of Arizona under the domination of the people of New Mexico, who are very largely different in race, language, and laws.

We prefer to remain a Territory indefinitely rather than lose our identity, and, finally, we respectfully submit that there is no necessity of settling this question until it can be settled right.

Gentlemen, this is a very important matter to us. These gentlemen have come on from all parts of Arizona at their own expense. The spirit of Bunker Hill is thoroughly aroused in Arizona. We have no stones to throw at the people of New Mexico. Many of us know many New Mexicans, and respect them, and are glad to know them; but the fact does remain that we are an entirely different people. What the people of Arizona ask is not for statehood, but merely to be left alone until such time as our growth, both in resources and population, may justify us in asking for statehood, and may justify Congress in granting it.

We want to make that point exceedingly clear, that we do not ask for anything, except to be let alone, and we are perfectly willing to be governed from Washington.

Gentlemen, there are with us to-day men from all parts of the Territory, and I am going to call on the various gentlemen representing different interests to speak for their sections; and I would like to state to the gentlemen of our delegation that the chairman of this committee asks that each gentleman confine his remarks to about ten minutes in his address.

The CHAIRMAN. What is your profession?

Mr. HEARD. My business is that of farming, cattle raising, irrigation, etc., and I conduct an investment loan business. I have been in Arizona for eleven years, and was born in Massachusetts.

Mr. WEBB. Do you think Arizona is prepared for single statehood?

Mr. HEARD. At present?

Mr. WEBB. Yes.

Mr. HEARD. We are perfectly willing to wait until the Territory is prepared for it.

Mr. WEBB. Do you think it is now?

Mr. HEARD. I think the class of our people and our splendid industries really warrant statehood, although we do not ask for it. You understand that distinctly.

Mr. POWERS. Do you think your population warrants statehood?

Mr. HEARD. The class of our population does.

Mr. POWERS. I am not questioning the class of your population, or a large part of it. But do you think the population of your Territory warrants statehood, numerically?

Mr. HEARD. It would seem to me that on a question of that kind, the class of the people rather than their number, should be considered.

Mr. WEBB. A great many other States have been admitted into the Union with less population than you have, I believe.

Mr. HEARD. Our population is not much less than that of many States of the Union. Our population, according to the estimated school census, which was very carefully prepared, is about 170,000.

The CHAIRMAN. The governor claims it is 140,000 in his report, does he not?

Mr. HEARD. One hundred and seventy thousand, sir.

The CHAIRMAN. I think you will find he says it is claimed to be 170,000, but he would not make it over 140,000.

Mr. HEARD. The secretary of the committee, Mr. Goodrich, has a tabulated statement, and I will refer to him for that information.

The CHAIRMAN. The census gave Arizona a population of 122,931, which would include the Indians.

Mr. HEARD. That is the census of 1900. The development of Arizona has been most rapid since then.

Mr. POWERS. How much was the increase in population from 1890 to 1900?

Mr. HEARD. I will ask Mr. Goodrich, if he will kindly answer that question.

Mr. GOODRICH. I think it was about 104 per cent.

Mr. POWERS. What was it in round numbers?

Mr. GOODRICH. I find I can not give the exact numbers.

Mr. POWERS. I do not think it is 104 per cent.

Mr. HEARD. Will you kindly repeat your question?

Mr. POWERS. What was the increase in population in the decade between the census of 1890 and that of 1900, as indicating the growth of the population?

Mr. HEARD. Will you answer that, Mr. Fowler?

Mr. FOWLER. You mean between the two censuses?

Mr. POWERS. Yes.

Mr. FOWLER. It is about 300 or 400 per cent. as I remember.

Mr. POWERS. One hundred would double it, would it not?

Mr. HEARD. There was an increase of about 69,000.

Mr. POWERS. I think it is about 29,000. You say that petition was signed in a very short time?

Mr. HEARD. Within thirty minutes.

Mr. POWERS. You had quite a large number circulating?

Mr. HEARD. Forty-nine men.

Mr. POWERS. I suppose one man out of one hundred read it before he signed it.

Mr. HEARD. We kept a careful poll, sir. I would like to answer that question so that they may all understand it, Governor. We kept

a careful poll of those who were not willing to sign it, and they were less than 2 per cent of the entire crowd.

Mr. POWERS. I want to be frank with you, and I will say that I have no doubt the majority of the people of Arizona would prefer separate statehood, and by—

Mr. HEARD. It is not separate statehood that we are talking about. We want to be left alone. We are opposed to joint statehood. We want to make that point very clear.

Now, gentlemen, I will be glad to answer any questions members may ask. If there are no other questions I would like to—

Mr. COLE. In proportion to the population of the rest of the Union has not Arizona less than any State that has applied for admission?

Mr. HEARD. No, sir; many States have been admitted with much less population.

Mr. COLE. I mean in proportion to the population of the rest of the Union.

Mr. SMITH. Yes, sir; plenty of them.

The CHAIRMAN. Nevada had a population of 42,000, I believe; and has less now than she had then.

Mr. HEARD. There is one point in connection with Nevada that I would like to bring out. It has been stated by those, I understand, who are in favor of the joint statehood bill, that Arizona has practically reached the limit of her resources, particularly in mining, and they cite as a parallel the condition of Nevada. We want to call attention to the fact that mining in Arizona is only one of its industries. Arizona is not essentially a mining territory. Our principal mining industry is that of copper, which is very different from the silver and gold mining industry of Nevada. We have mining cities, instead of mining camps filled with shacks. Our cities are being steadily built up; our streets are being paved; good water systems are being put in; fine two-story buildings are being erected; fine brick and stone churches are being constructed. The little town of Douglas is just having a \$35,000 Young Men's Christian Association building erected. You can go up to Globe and Bisbee and find the same things. Permanent improvements are being put in, and through diamond-drill borings and scientific investigation of the great copper properties those gentlemen are warranted in putting in millions of money.

Mr. POWERS. As to the increase in the last decade. Someone said it was 100 per cent, or 200 per cent. If carefully figured, you will find it less than 35 per cent. I have had it figured out by the clerk here.

Mr. SMITH. I would like to know where the clerk gets his information.

The CLERK. According to the census, the population of Arizona in 1900 was 122,931, and in 1890 88,243.

Mr. POWERS. That is an average gain in population of about 35 per cent; and you gain about 10 per cent better than the average gain throughout the country.

The CHAIRMAN. At this rate, in 1905 it is stated the population ought to be 221,774, but in reality it is not that.

Mr. SMITH. You gentlemen do not make any deduction for the 20,000 or 30,000 Indians.

Mr. POWERS. We do; in both cases. Take the Indians out of the population and you have only about 90,000.

Mr. SMITH. Take the Indians out of there and we have a long way over 140,000.

Mr. POWERS. This gives that.

Mr. SMITH. What, by the census?

Mr. POWERS. Yes.

Mr. HEARD. We all have respect for the census of the United States.

Mr. SMITH. I have not a bit.

Mr. HEARD. If you will look up the population of Phoenix, as given in the census of 1900—

Mr. POWERS. The last census is 92,000.

Mr. HEARD. I am talking about the city of Phoenix.

Mr. POWERS. What is the population in 1890, as given by the census?

The CLERK. Five thousand five hundred and forty.

Mr. HEARD. At that time our school census showed over 2,100 school children, and the general rule is at least six to a child.

Mr. POWERS. Five is nearer, or four.

Mr. HEARD. Make it five then, or four. It still shows that is an inaccurate statement.

Mr. POWERS. What do you claim the whole population is, taking the suburb—not only Phoenix, but taking the suburb that is not in the city proper?

Mr. HEARD. In the Salt River Valley, adjacent to Phoenix?

Mr. POWERS. You know what I mean. It was pointed out to me. Just over the boundary, just as you cross over the line, there are some nice houses and residences.

Mr. HEARD. Fourteen to fifteen thousand.

Mr. POWERS. You think it is 14,000?

Mr. HEARD. There is no question about it, and the city is steadily developing. At this moment there are over thirty good, substantial brick houses in process of construction in the city of Phoenix. I brought with me some photographs that were taken in the last two or three years showing the development of the Territory.

The CHAIRMAN. While we are on the subject of population—

Mr. HEARD. Just one word. These facts as to population are interesting, and if we were asking for statehood they would be exceedingly important; but we are not asking for statehood. We are only asking to be left alone until we can grow to such proportions both in population and material resources that you will want us to come in.

The CHAIRMAN. In connection with your material resources, and in connection with your reference to the mining in the Territory, I want to call your attention to a statement made by your governor in his report. He says:

There has been a yearly decrease in the number of original homestead and desert-land entries—entries of land intended for farm homes—and this is because the demand for land is limited by the water supply. Practically all the water available for irrigation is already in use.

He says that at page 43. What comment do you desire to make on that?

Mr. HEARD. That the records of the reclamation service show that there are irrigated to-day in Arizona 247,000 acres. The records of the Reclamation Service also show that there will be by works now

under construction in our Territory by the United States Government—there being sufficient water supply for this additional irrigation—530,000 additional acres.

The CHAIRMAN. The estimate by the Geological Survey is that your irrigable area can be increased by only 500,000 acres, which will give you in all an irrigable area of only 740,252 acres. What is the total acreage of your territory? Seventy-eight million, is it not?

Mr. HEARD. It is an immense area. But I want to call attention to this fact: While the area of our irrigated valleys is not large in comparison to the size of the Territory, when you compare it with other sections of the United States it is immense. We will have irrigated in our Territory alone nearly as much land as lies within the State of Massachusetts. We will have irrigated in the Salt River Valley alone 200,000 acres.

The CHAIRMAN. That means with the Tonto dam?

Mr. HEARD. Yes, sir.

The CHAIRMAN. How many acres are there under cultivation in the Salt River Valley now?

Mr. HEARD. I do not think there are over 125,000 acres now under cultivation.

The CHAIRMAN. How much do you expect to add to that by irrigation?

Mr. HEARD. The most conservative estimates of those who have studied the water supply for fourteen years, and have carefully figured it out, are that we will be able to irrigate 200,000 acres. You appreciate that the 125,000 that we irrigate to-day is not adequately irrigated, but with this new dam and water regulation it will be intensively cultivated and will support a population many times that of to-day.

The CHAIRMAN. It is stated in the report of the Geological Survey that after all the lands have been irrigated that are possible of irrigation you will have susceptible to cultivation about 1 per cent of your total area.

Mr. HEARD. It does not make any difference, it seems to me, what the per cent is, as long as that per cent is sufficient to support a vast population.

The CHAIRMAN. I merely call attention to these matters so that you will be able to answer them.

Mr. HEARD. We are very glad to answer any questions. We are here to throw light on the subject. We are not afraid of any questions that anyone may ask.

The CHAIRMAN. May I ask something about your Territorial debt? What is the amount of your Territorial debt? Can you recall it?

Mr. HEARD. I will ask Mr. Goodrich, who has that information.

Mr. GOODRICH. I will state that the bonded indebtedness of the Territory of Arizona, according to the governor's report, on June 30, 1905, was \$3,108,275.29. The governor says: "Of this sum, \$2,075,302.86 represented the funded debt of counties and cities."

Mr. SMITH. Is not that an argument against this bill?

The CHAIRMAN. I do not know.

Mr. SMITH (facetiously). We are that much in debt, so we are already bankrupt; and you will put us in deeper.

The CHAIRMAN. Mr. Smith, you will have ample opportunity, if you have not already had it, to be heard. We want to get at the facts

in connection with this matter. I am asking this in relation to the funded debt.

Mr. HEARD. I have it from the governor's report here that the total amount of the debt, the total bonded indebtedness of the Territory, which includes county indebtedness and city indebtedness, you understand, is \$3,108,275.29; that the county and city funded debt included in the \$3,108,275.29 is \$2,075,302.86, leaving the net Territorial debt \$1,032,972.43.

Mr. POWERS. Gentlemen, for my own information, let me ask this: I understand the Territory has assumed a certain amount of the county debt.

Mr. HEARD. Yes, sir.

Mr. POWERS. That makes up the Territorial debt, does it not?

Mr. O'NEILL. They have not assumed any debt. The Territory issues a 5 per cent bond under the law, and the county can fund its sevens into Territorial bonds at 5 per cent. The Territory issues the bond and the county makes a levy to create a sinking fund and pay the interest on the bond. Seven hundred thousand dollars of the indebtedness of the counties of Pima and Yavapai has been voted by the Congress of the United States after the Supreme Court of the United States declared it to be illegal and invalid.

Mr. POWERS. What counties did you mention?

Mr. O'NEILL. Pima and Yavapai. It was issued to aid the construction of a railroad that was not built.

The CHAIRMAN. What delegate introduced the bill asking that?

Mr. O'NEILL. Mr. Murphy.

The CHAIRMAN. Did he do that in response to a demand on the part of the Territory?

Mr. HEARD. I do not know, sir.

Mr. O'NEILL. They built the road in Yavapai County by driving a wagon along the county and laying the rails, and they got \$5,000 a mile for it. That road does not exist. It has been declared illegal by the Supreme Court, and the Congress of the United States passed it on to Arizona. We are paying interest on that.

Again, \$300,000 of bonds were funded, and the money was given to build the Maricopa Short Line. But the people of Arizona, and no city or town, have ever repudiated an obligation. There is where you find that indebtedness.

Mr. POWERS. But the Territory has a claim on the county?

Mr. O'NEILL. Yes; they fix the amount to be levied to pay the interest charge and the sinking fund. Pima and Yavapai counties had litigated for years, and the Supreme Court decided that the counties had no right to issue bonds to aid the railroads.

Mr. HIGGINS. You say they can not issue bonds?

Mr. O'NEILL. Under the organic law we can not issue bonds in aid of railroads.

Mr. HIGGINS. But the bonds have been taken over by the Territory.

Mr. O'NEILL. They were issued illegally and contrary to the organic law.

The CHAIRMAN. And it was so decided by your supreme court?

Mr. O'NEILL. It was so decided by the Supreme Court of the United States at Washington.

Mr. POWERS. I suppose there are some counties outside of that where the bonds have been taken over by the Territory—

Mr. HEARD. I would like to ask if I may not yield the floor to Mr. Morrison on that matter?

Mr. POWERS. I ask if there are not some counties outside of that the indebtedness of which has been taken over and a bond given?

The CHAIRMAN. It is impossible, gentlemen, for the reporter to record the proceedings accurately unless you maintain order. Under the rules of the committee bystanders have not been permitted to interrupt the gentlemen who have the floor. If you desire, Mr. Heard, to yield the floor to any member of your delegation, I think there will be no objection on the part of the committee.

Mr. HEARD. As I stated at the beginning of my remarks, I only wished to occupy a few moments, and I stated that the different phases of the matter would be presented by different gentlemen whom I would call upon. If it is the desire to ask me any further questions I will be glad to answer them.

I would like to call on Mr. Morrison, of Prescott, Ariz., who can present the situation for that end of the Territory. He was formerly the United States district attorney.

STATEMENT OF MR. R. E. MORRISON, OF PRESCOTT, ARIZ.

Mr. MORRISON. I wish to say, as far as the question of railroad indebtedness is concerned, while it is true, as Mr. O'Neill has stated, that the Supreme Court of the United States decided that what were known as the P. and A. C. Railroad bonds—

Mr. HIGGINS. What was that case; do you remember?

Mr. MORRISON. The decision of the Pima case did settle the question so far as Yavapai County is concerned. It is the case of—I do not recall it at this moment, but I will give you a reference to it. It was in the Supreme Court of the United States. But after that occurred I wish to say that the people of Yavapai County, a large number of them, not desiring to have repudiation thrown at their heads with reference to a debt, signed a petition asking that there should be remedial legislation on that subject. That petition was presented to the legislature of the Territory of Arizona, and a memorial was passed by the legislature of the Territory of Arizona asking that Mr. Murphy in particular, our Delegate at that time, should present the matter to Congress and ask for remedial legislation.

That is the way remedial legislation came about, and although the Supreme Court of the United States had passed upon the proposition Congress did validate the bonds that had been issued, and Yavapai County to-day pays interest upon the bonds that the Supreme Court said were illegal, because the majority of us believe that having received the benefit, having secured the railroad, and people having bought bonds in the East, it was only right that the county of Yavapai should be responsible for it.

I was district attorney of Yavapai County at one time, before this remedial legislation was had, and when the Supreme Court passed upon the question that those bonds were void ab initio we declined to pay the interest on the bonds for that reason. Afterwards, when I was still district attorney and when the Congress of the United States said the bonds were legalized, then the opinion was given that we should pay interest upon the bonds, and we made preparation to pay it.

The CHAIRMAN. May I ask a question?

Mr. MORRISON. Certainly.

The CHAIRMAN. Your governor in his last report says in respect to the taxation of railroads in Arizona that they are divided into three classes—first, those wholly exempt from taxes; second, those upon which a tax has been fixed independent of value, and, third, those whose valuation is fixed by the Territorial board of equalization.

First, so that we will have these things in logical order, you have a Territorial board of equalization of taxes, have you?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. That applies to all taxes?

Mr. MORRISON. Yes, sir.

Mr. O'NEILL. There is no taxation applied to the Santa Fe Railroad, because Congress fixes that.

The CHAIRMAN. I will get at that. I understand from the governor's report that something like 600 miles of railroad in the Territory are absolutely exempt from taxation. Will you state why that is, if true?

Mr. MORRISON. It was done by act of our legislature.

The CHAIRMAN. Why?

Mr. MORRISON. To encourage development and the building of railroads, so that we could have railroads built, and that at small loss of revenue, and so that we could develop, as we have developed, millions of dollars' worth of property in the mining country.

The CHAIRMAN. How long do those railroad exemptions from taxation run, as a rule?

Mr. MORRISON. They run ten to twenty years.

The CHAIRMAN. Second, those upon which a tax has been fixed, independent of value. I assume that refers to the flat rate of \$175 a mile, which this committee has ascertained was fixed by a Congressional enactment a few years ago for the Santa Fe road.

Mr. MORRISON. That is right.

The CHAIRMAN. Do you consider that a fair rate of taxation of the Santa Fe road?

Mr. MORRISON. Why no—in a sense it is, for this reason—

The CHAIRMAN. How does that compare with the taxation of other railroads in your territory?

Mr. MORRISON. The Santa Fe Pacific, as it is called, was the one that Congress passed this legislation in respect to?

The CHAIRMAN. Yes.

Mr. MORRISON. So far as the Southern Pacific is concerned, I think it is about the same.

The CHAIRMAN. The valuation of the Southern Pacific is fixed, is it not—

Mr. MORRISON. By the Territorial board of equalization.

The CHAIRMAN. And fixed higher than would make a flat rate of \$175 per mile?

Mr. MORRISON. Yes.

The CHAIRMAN. Does not that fact, that one railroad is selected in your Territory for this flat rate of taxation, embarrass you in fixing the rate of taxation in your Territory?

Mr. MORRISON. To a certain extent; certainly.

The CHAIRMAN. Does not the governor complain of that in his last report?

Mr. MORRISON. I have not seen it, but I am satisfied that is true.

The CHAIRMAN. It is the subject of general complaint in your Territory, is it not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And that flat rate of \$175 per mile to the Santa Fe road is to continue until you become a State, is it not?

Mr. MORRISON. Yes.

The CHAIRMAN. Is there any mileage of the Santa Fe road in your Territory that is exempt absolutely from taxation?

Mr. MORRISON. No, sir.

Mr. HEARD. May I ask a question?

The CHAIRMAN. Certainly.

Mr. HEARD. Is not the remedy for that inequality of taxation in the hands of Congress?

The CHAIRMAN. I should think so.

Mr. MORRISON. Let me ask a question.

The CHAIRMAN. I am simply trying to get at the facts. Governor Powers raised the point, but this is not for argument. I am asking the question in good faith, gentlemen.

Mr. MORRISON. I do not object to answering the questions. Is that all?

The CHAIRMAN. Just a moment. I want to ask you in relation to the taxation of your mines. Is it not a subject of complaint by your governor that your mines are inadequately taxed?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Does he not say in his report that your mines are only taxed now 5 per cent of their real value?

Mr. MORRISON. I suppose he does, Mr. Hamilton. I take it for granted that is true, because I know the value of mines in Arizona and I know the assessments.

The CHAIRMAN. I call your attention to his language:

Nearly every governor of the Territory in his annual report has taken occasion to call attention to the gross undervaluation of mines for the purposes of taxation.

He says further:

It is conceded, by estimates made by the most conservative experts, that the mines of Arizona have not heretofore been assessed in the aggregate at 5 per cent of their value.

That is on page 23 of the report. That is the subject of general complaint in your Territory?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Why is that?

Mr. MORRISON. For this reason: The mines do not pay their proper proportion of the taxes—why?

The CHAIRMAN. Why?

Mr. MORRISON. Because the people who are elected in our various counties, who would be the officers elected by the same class of people if we were a State, are recreant to their trust, and they do not put the assessment in at the proper valuation.

The CHAIRMAN. Precisely.

Mr. MORRISON. And that condition of affairs would be under the statehood government just the same as under the Territorial form, if it is true that the railroads and mines control the people of Arizona.

The CHAIRMAN. Do the railroads and mines control the people of Arizona?

Mr. MORRISON. No, sir; they do not. There is not a mining man or a railroad man on this committee. We represent the lawyers, of whom I am one; we represent the farmers; we represent the sheep men, and the cattlemen, and the lumbermen.

The CHAIRMAN. Precisely.

Mr. MORRISON. We represent every interest in Arizona.

The CHAIRMAN. May I call attention to the language of the governor in relation to lumber?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. He says the lumber interests in Arizona are inadequately taxed—on page 23 of his report. What have you to say as to that?

Mr. MORRISON. The lumber interests?

The CHAIRMAN. Yes.

Mr. MORRISON. I do not understand that statement, because 95 per cent of all the timber in Arizona is within the boundaries of the forest reserves established by the laws of Congress and by the President of the United States, and it can not be the subject of taxation. Take the great San Francisco Reserve, around the San Francisco Mountains, where there is the grandest amount of timber, you might say, virgin in its character, in the United States to-day—an area 70 to 80 miles in width. Governor Powers was there, and he knows about it. It is 300 miles in length. That is all within the boundaries, practically, of the forest reserve. Half of that was taken away by the action of the President of the United States, under the law, from the great railroad interests up there around San Francisco Mountains, and it was given back to the Government in exchange for United States scrip. Then there was a consolidation effected, and that great San Francisco Mountains and Black Mesa Forest Reserve was established, subject to Government interest.

Mr. POWERS. I do not apprehend that the governor referred to the forest reserve; but up in the vicinity of Williams and Flagstaff and that portion of your Territory are there not large forests belonging to individuals and corporations?

Mr. MORRISON. Absolutely no.

Mr. POWERS. Who do those forests belong to?

Mr. MORRISON. To the Government of the United States.

Mr. POWERS. Does the Government of the United States sell the timber?

Mr. MORRISON. The Government of the United States permits the sale of mature timber.

Mr. POWERS. That is it, is it?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. May I call your attention to the governor's language here? He says, on page 23, in his very able report—in which he argues very ably, too, against joint statehood for Arizona, and I know that the gentlemen from Arizona who are here will indorse the governor's report in that behalf—he says on page 23—

Mr. MORRISON. He is one of the great men of the Territory, and he is usually right on all subjects.

The CHAIRMAN. He has made a very able report. I desire to commend it, personally—except as to the question of statehood, which is the question under discussion. But he says: "The lumber interests I find, too, have been inadequately taxed." I call your attention to page 23—

As that business has been carried on, it has made direct inroads upon the capital of the Territory. The cutting away of the forests, where nothing would be left but barren wastes, does not develop the resources of the Territory. It simply exhausts them. As with the products of the mines, the larger portion, practically all of it, is transported and permanently remains out of the Territory. The product serves very little to enhance the wealth of the Territory.

Then he proceeds to state:

Nearly every governor of the Territory in his annual report has taken occasion to call attention to the gross undervaluation of mines for the purposes of taxation.

I think that explains what the governor meant.

Mr. MORRISON. Yes; I think that is true.

Mr. POWERS. I want to get a correct idea about the matter of the lumber. I may be under a misapprehension. I was in Albuquerque a while ago, and I visited a large lumber-manufacturing establishment there. They told me that they obtained their lumber, and I saw it coming in, from out toward Williams and Arizona—you know where I mean. They had had some little trouble about dividends, and I asked the president of the company how large it was stocked. I think he said the capital of the company was twelve or fifteen millions. I said that I saw nothing around there to warrant such a capital as that, and he said they had over 300 miles of lumber that they owned up there in Arizona. Therefore I assumed that there was lumber, and considerable lumber, outside of the forest reserve.

Mr. MORRISON. That timber came from western New Mexico, from the mountains of the great continental divide, and was brought into Albuquerque. They have right in the midst of our timber field a large sawmill and lumbering establishment.

Mr. POWERS. Right at Williams.

Mr. MORRISON. At Flagstaff.

Mr. POWERS. One of the largest in the country.

Mr. MORRISON. I was there and saw it.

Mr. POWERS. I did not know the Government sold timber off of its reserves.

Mr. MORRISON. Yes, sir; that is what we have forest supervisors for, and forest rangers, you know. That is what we have them for.

Mr. POWERS. One more question and then I will not interrupt you again. A gentleman has asked if the remedy as to taxation was not in our hands here.

Mr. MORRISON. Yes.

Mr. POWERS. When was this act passed exempting or giving a flat rate of \$175 a mile to railroads?

Mr. MORRISON. About 1898, as I remember it. I forget the exact time.

Mr. POWERS. What was the object of passing it?

Mr. MORRISON. The object of passing the bill?

Mr. POWERS. Yes.

Mr. MORRISON. It was for the reason that the Atlantic and Pacific Railroad Company received a grant from the Government of a strip of land 40 miles wide on either side of the railroad. The railroad went into the hands of a receiver, and the whole thing was sold. It was acquired by what is known as the Santa Fe Pacific. The question arose as to whether the new corporation would have a right to all the privileges and immunities that were given to the old company, and they came here to Congress asking for that kind of legislation. If it had not been for the diligence of the people in northern Arizona, around Flagstaff and Williams, the act would have gone through, and we would have had no tax of any kind on the right of way of the Santa Fe Pacific as it is to-day.

Mr. POWERS. I was coming to another question. If that act was passed as a sort of a compromise measure, or in consideration of the facts which you give, and placed upon the statute book and accepted by the railroad, do you think we can constitutionally repeal it?

Mr. MORRISON. It is a very serious question whether we can change it.

Mr. POWERS. It was given to them as long as it was a Territory, and I think it will stand as long as it is a Territory.

Mr. MORRISON. I think so, too.

But going back to the question of whether we can change conditions in regard to the taxing of mines. You have asked, Why is there not a proper assessment? I say, as I told you before, it is because the county assessor and the county boards of supervisors and county boards of equalization will not properly assess the mining properties there.

The CHAIRMAN. Why is that, Mr. Morrison?

Mr. MORRISON. Why is it?

The CHAIRMAN. Why do you suspect that?

Mr. MORRISON. I have no reason to suspect anything.

The CHAIRMAN. Suppose I change the word. Why do you suppose so?

Mr. MORRISON. Because it is not considered right to assess at a high and exorbitant valuation, or an ordinary valuation, the mines of our Territory, for fear it will interfere with the bringing in of capital to develop other mines. That is the fear.

The CHAIRMAN. For instance, you have a mine there that is reputed to pay \$3,000,000 a year?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And in which one great newspaper reporter says there are \$150,000,000 of ore now in sight?

Mr. MORRISON. That is right. We have two or three of that character—all copper mines.

The CHAIRMAN. It is stated that you have a system by which you tax the land and improvements separately, and the land and improvements are taxed on a valuation of less than \$1,000,000.

Mr. MORRISON. That is the way it is done.

The CHAIRMAN. So your governor seems to be fully within the truth when he says that your mines are taxed at about 5 per cent of their real value?

Mr. MORRISON. Will you permit me to answer that?

The CHAIRMAN. Certainly.

Mr. MORRISON. If that is true, it is because of the fact that our elected officials will not properly assess the mines. Then, I say, under statehood the same people would elect those same county officers, and they would be subject to the same influences.

The CHAIRMAN. Just a moment——

Mr. MORRISON. Let me finish my sentence. And the only relief that has come to Arizona of that alleged wrong has come from the bold and determined stand of the Federal appointees—Governor Kibbey, Mr. Clark, the attorney-general appointed by him, and the Territorial board of equalization, who all took the question up last summer, and did increase by several hundredfold the assessed valuation of the mines of this Territory; and the question is coming before the supreme court of the Territory as to whether we have that right.

The CHAIRMAN. Just a moment. I want to suggest that it is now 3 minutes of 12 o'clock. Does the committee desire to proceed further at this time?

Mr. COLE. I think we had better adjourn.

Mr. POWERS. Just one question. First of all, you assume that in the event of statehood your valuations will still be assessed by the board of assessors, and, according to the statements of the governor and of yourself, they have no respect whatever for their oath or for right.

Mr. MORRISON. I do not assume it at all, but I say that according to the statements that have been made here that condition exists, and I say the chances are that it may continue to exist.

Mr. POWERS. Let us see about that——

Mr. MORRISON. Increase of population will of course change that condition.

Mr. POWERS. Let us see about that. In the first place, if you have statehood the State taxes and all that sort of thing will be voted by the legislature of the State and apportioned upon the value of the property of the State.

Mr. MORRISON. Certainly.

Mr. POWERS. And the board of supervisors will have to look out for it, if they are there. Now let me ask you if this is not true in many States. For instance——

Mr. LLOYD. Suppose we commence right at this point when we meet again, and go ahead with the investigation. This is very interesting and instructing.

The CHAIRMAN. The chairman will call the committee in session to-morrow, if there is no objection.

The committee, at 12.05 p. m., adjourned until to-morrow, Wednesday, January 17, 1906, at 10.30 o'clock a. m.

COMMITTEE ON TERRITORIES,
HOUSE OF REPRESENTATIVES,

Washington, D. C., Wednesday, January 17, 1906.

The committee met at 10.45 o'clock a. m.

Present: Messrs. Hamilton (chairman), Capron, Powers, McKinney, Cole, Klepper, Moon, Reid, Lloyd, Beall, Webb, and Smith.

Present also: Mr. O'Neill, Mr. Queto, Mr. Murphy, Mr. French, Mr. Randolph, Mr. Riggs, Mr. Sampson, Mr. Morrison, Mr. Heard,

Mr. Shields, Mr. Sturges, Mr. Doran, Mr. Crandall, and Mr. Goodrich.

The CHAIRMAN. The committee will be in order. Gentlemen from Arizona, which one of your number will proceed?

Mr. HEARD. Mr. Morrison will continue his remarks.

STATEMENT OF MR. R. E. MORRISON—Continued.

Mr. MORRISON. Gentlemen, if you will permit me, I will make a few remarks this morning in reference to school conditions out in Arizona. I wish to read a resolution adopted by the Arizona Territorial Teachers' Association at a meeting held in Prescott ten days before we left:

Resolved, That the members of the Arizona Territorial Teachers' Association are unanimously and unalterably opposed to joint statehood with New Mexico. To our certain knowledge the vast majority of all the people of Arizona will never submit to such a union unless it is forced upon us.

The teachers of Arizona believe that joint statehood would be harmful to the public school system of the Territory. Our school laws are formulated on a sound basis, and by a wise provision have encouraged the coming to us of many of the best teachers of the United States, so that we now have the largest percentage of professionally trained teachers of any State or Territory in the Union, there being something like 70 per cent of our teachers who are either State normal or college graduates. We believe, therefore, that the joint admission with New Mexico would disrupt the foundations of our entire educational structure and would be inimical to the public schools as well as to every other interest of our people.

The committee is instructed to send a copy of this resolution to our Delegate in Congress and to the anti joint statehood committee in Washington.

Signed: Committee on Anti Joint Statehood Resolutions, at the meeting of the Territorial Teachers' Association, at Prescott, Ariz., January 3 to 5, 1906.

In that connection—

The CHAIRMAN. Before you pass from that—the Chair apologizes for the interruption—I would like to ask you what is the main objection which the teachers make to joint statehood? My attention was diverted for a moment.

Mr. MORRISON. The disruption of our public school system. That is the language that is used by the teachers who met from all parts of our Territory about two weeks ago.

The CHAIRMAN. The public school system of Arizona does not differ from the common school system throughout our country, does it?

Mr. MORRISON. It does, in this respect, that we have given more attention to it in some parts of the United States, and have given a great deal more attention to it, I believe, than the people in New Mexico. Our school system has been built up during the last thirty years by intelligent, conservative educators from all over the country. The best educators from all parts of the United States have come to Arizona because of our splendid conditions, and if you enlarge our Territory and compel us to go in with New Mexico you will change the conditions entirely. You will make us a part of another people, so to speak, who have their own ideas about education and how things should be conducted. We conduct everything in the English language in our schools and in the courts of Arizona. In New Mexico, where they have a large Spanish and Mexican population, an interpreter is present practically all the time in the courts, and frequently in the schoolroom, for the purpose of carrying on conversation and conducting procedure. Therefore we object to this amalgamation to

the extent of practically obliterating, because of our being in the minority, our public school system, and we object to our being dominated by people whom we do not believe should be mixed up with us at all.

The CHAIRMAN. You have the same common school system, then, in Arizona, which prevails throughout the Union?

Mr. MORRISON. We have the public school system that has become so important in the United States for the education of youth.

The CHAIRMAN. That is, you have district schools?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And high schools?

Mr. MORRISON. Yes, sir; and normal schools, and a university, and a complete system.

Mr. O'NEILL. Every school is graded——

The CHAIRMAN. We will have to enforce the rule.

Mr. O'NEILL. But they are all graded, Mr. Chairman.

The CHAIRMAN. We will have to enforce the rule. It confuses the reporter; that is all.

Mr. MORRISON. Our schools are graded.

Mr. SMITH. I would suggest to the chairman that unless it be necessary to bring out something Mr. Morrison need not be interrupted by anybody. Mr. Morrison is perfectly competent to bring out everything, and if he is undisturbed he will make a clear statement of our case. When he has finished he might be cross-examined, but I do not think he should be interrupted by the committee unless you permit interruptions by anyone else.

The CHAIRMAN. The object is to illuminate the situation for the understanding of this committee.

Mr. SMITH. That is my object, too, if I thought that was always the purpose.

The CHAIRMAN. The gentleman does not mean to suggest that there is any other purpose, does he?

Mr. SMITH. I mean to suggest that there is only one inquiry here, and I mean to suggest that I think from a part of yesterday's proceedings it was not an effort to inquire into the question of the jointure of these two Territories, but to find something critical, something on which to hang the necessity of joining them, either because Arizona is too weak to be made a State by itself and must be joined to something or it is so strong and New Mexico so weak that it is to be joined to something. That is the way it struck me, and I do not like it.

The CHAIRMAN. Perhaps it will be proper, in view of your suggestion, to state that you seem to be oversensitive, and that no such intention as you have suggested, so far as I know, has been entertained by any gentleman who interrogated the gentlemen who appeared before this committee. It is the claim that certain interests in Arizona exercise considerable influence in relation to this question of statehood. It is an important thing, then, for this committee to ascertain what interest the mining corporations and railroad corporations and lumbering interests might have in the continuance of Arizona as a Territory or in its merger with New Mexico into a State. All inquiry that will help to inform this committee in that direction, in the opinion of the Chair, is important.

Mr. McKINNEY. And proper.

The CHAIRMAN. And proper; and it is necessary to make this statement in view of your suggestion. Every courtesy is desired to be extended.

Mr. CAPRON. Let me make this inquiry——

Mr. MOON. Before you make your inquiry I want to know if I understand the Chair. Do I understand you to mean that in order to justify the jointure of the two Territories you have got to show corruption on the part of the mining and railroad corporations in Arizona?

The CHAIRMAN. That would suggest, perhaps, a condition of mind on the part of my friend from Tennessee which I am inclined to think would not properly describe his condition of mind.

Mr. MOON. It does not make any difference about my condition of mind. I will take care of that myself. I just want an answer to that question.

The CHAIRMAN. I think I made myself perfectly clear in what I stated.

Mr. MOON. Do I understand you to say that, as a prime reason for jointure, it becomes necessary for the committee to ascertain that there are corrupt conditions in one of the Territories?

The CHAIRMAN. Certainly not.

Mr. MOON. I concede that it is a very appropriate inquiry for the committee to make, because if those conditions do exist there then this Federal Government is responsible for their remaining there, and we ought to ascertain the facts in order to correct them.

The CHAIRMAN. It is well for us to ascertain that, is it not?

Mr. MOON. I think so, in that view of the matter.

The CHAIRMAN. It is well for us to ascertain, Judge Moon, is it not, just why a law should have been passed taxing the Sante Fe a flat rate of \$175 per mile per year?

Mr. SMITH. I will meet that right here. I want to meet that.

The CHAIRMAN. Mr. Morrison has the floor. You will be given every opportunity to state your views.

Mr. SMITH. I do not know whether I will be or not. I am a member of this committee, and I insist on being heard when I ask to be heard, unless I am interrupting some one else.

The CHAIRMAN. Very well. Mr. Moon and I will suspend, and you can go on now.

Mr. SMITH. I will give you some information about that Sante Fe business.

The CHAIRMAN. I was mentioning some things that I thought were important to be considered.

Mr. SMITH. I understand the whole thing and the animus in the matter. There is not a thing the chairman is doing in the world except in connection with the old inquiry that has been thrashed out forty times. Fresh accusations are being made and coming from the other end of the Capitol, from one individual, who has circulated the whole business in the public press and everywhere else, as I will disclose before the case is over.

The CHAIRMAN. I have no reference to any person at the other end of the Capitol.

Mr. SMITH. I have.

The CHAIRMAN. I can not help what you have.

Mr. SMITH. I am trying to enlighten the chairman on where he has gotten his information.

The CHAIRMAN. The Chair is endeavoring to enlighten the committee. I have before me the report of the governor of Arizona, and I have asked the witnesses in relation to certain statements made by the governor in his report. He says in his report that the mining interests there are not taxed to exceed 5 per cent of their value, and that that has been the subject of annual complaint by the governors in their messages for years.

Mr. SMITH. There is no doubt about that.

The CHAIRMAN. And he says the lumber interests are not taxed adequately, does he not?

Mr. SMITH. I expect he does.

The CHAIRMAN. And he complains as to the taxing of the Santa Fe road, does he not?

Mr. SMITH. Yes; he does.

The CHAIRMAN. Then when your governor makes that complaint is it not the subject of legitimate inquiry? Is the governor right or wrong?

Mr. SMITH. I expect he is right; but it is now proposed, tacitly, by agreement, that a gross-proceeds tax should be laid. There is no other means by which it can be done, as you ought to know, if you do not. It is physically impossible to tax mines except on the output.

The CHAIRMAN. The committee wants to be informed. Is it not a good idea—to be informed? It is being informed by the gentlemen from Arizona.

Mr. MOON. I concede that it is a very appropriate thing for the committee to ascertain the conditions in one of these Territories and to take proper steps to correct them at the proper time. But the relevancy of this question to the jointure of the Territories is not apparent to me.

The CHAIRMAN. If it had not seemed apparent to the chairman, he would not have suggested it.

Mr. MOON. What is the chairman's reason?

The CHAIRMAN. I trust the gentleman from Tennessee understands the reason of the chairman.

Mr. MOON. I do not just see the relevancy.

The CHAIRMAN. I regret that very much.

Mr. CAPRON. I wish to say that the query which precipitated this debate was mine, to the chairman. When the allegations were made in regard to the school question, I said to the chairman: "That is important; I would like to know the reasons for it," and prompted by that the chairman asked the gentleman in regard to the public schools. I thought that was a pertinent inquiry. I also thought—coming to this question absolutely with an open mind and ready to take the statements which are brought here from Arizona for all they are worth, the same as I would from any other source—that he would give us actual information. I had before me at that minute, although I did not refer to it, but will now, in view of Judge Moon's statement as to its irrelevancy to the question of statehood—an item in an Arizona paper, which reads in this way. It is only a sentence. After enumerating other reasons, it states:

This will force the railroads and large mining corporations to bear their just burden of taxation and to pay more attention to legitimate business and less to politics. In other words, the State will control the corporations instead of the corporations controlling the Territory, as is the case to-day.

Mr. SMITH. What paper is that?

Mr. CAPRON. It is a paper published at Prescott, Ariz., on the 8th day of January, 1906. It has "Triangle Mining Company" on one side, but the Weekly Prospect appears to be the name of the paper.

Mr. MORRISON. That is a mine advertising paper. It probably has a circulation of about 100.

Mr. CAPRON. Well, I do not know about that.

Mr. MORRISON. We do not want to be held responsible for that paper.

Mr. MOON. The question here is, Can Arizona, as a single State, control it better by itself, or shall we join the Mexican greasers to Arizona and let them control it?

Mr. CAPRON. That is exactly the question at issue. I did not know we were here for any other purpose.

The CHAIRMAN. That is the question at issue, and that is the purpose of my inquiry. I see that now the gentleman from Tennessee and I do understand each other.

Mr. MOON. I want to hear any testimony that will establish the point that New Mexico added to Arizona can make a better State than Arizona by itself.

Mr. CAPRON. That is what I want to find out, and if all of the people of Arizona are like one gentleman who has been representing Arizona for a long while, and whom I have known so long and have loved so well, I say that is a good reason for making Arizona a State by itself. [Laughter.]

The CHAIRMAN. We want to be as fair as we possibly can be; and it did seem to the Chair that that was a fair inquiry to ascertain wherein the school system of Arizona differed from the school system elsewhere in the country, and to ascertain how it would be possible for the school system to be disrupted by joining that Territory with any other. I understand how the gentlemen from the Territory of Arizona are worked up on the subject, but we ought to keep cool. I take it—

Mr. MOON. The Chair ought to keep cool.

The CHAIRMAN. The gentleman from Tennessee will bear me out in the statement that I am always uniformly cool. [Laughter.]

Mr. MORRISON. With reference to the newspaper from which the excerpt has been read, I desire to say that it is a weekly newspaper, edited by Tom Schultz. That paper is from my town, Prescott, Ariz., and he is one of four or five men out of the entire population of Yavapai County that desires joint statehood of New Mexico and Arizona. I speak with authority on that subject. I live in that town, and have known the people for a quarter of a century. I have known them recently, and I have known them all the time, and so far as the circulation of that paper is concerned, edited by Tom Schultz, it practically amounts to nothing.

The CHAIRMAN. May I ask the gentleman a question?

Mr. MORRISON. So long as it is not taken out of my time.

The CHAIRMAN. Certainly not. We want to be good-natured about this—

Mr. CAPRON. But it appears, so far as I have read the article in a hurried way, that this inquiry was made of this newspaper by the people whom you and these other gentlemen represent here to-day.

Mr. MORRISON. What is that?

Mr. CAPRON. That the inquiry to which this is an answer was stimulated by people you are representing here in reference to statehood.

Mr. MORRISON. Who made the inquiry?

The CHAIRMAN. Your antijoint statehood league asks for information of the editor of the paper, and they get it.

Mr. MORRISON. Yes; and that is 1 out of 52 newspapers and publications in Arizona, and it is 1 of 4 newspapers in favor of joint statehood.

The CHAIRMAN. How do you pronounce N-o-g-a-l-e-s?

Mr. MORRISON. Nogales. I know that paper. It is a weekly newspaper that—

The CHAIRMAN. Just a moment. Let us get along quietly. While we are on the subject of newspapers—

Mr. MORRISON. What is that?

The CHAIRMAN. You are interrupted now and then, and so am I. I say, while on the subject of newspapers, I want to inquire whether the Nogales Oasis is for or against joint statehood?

Mr. MORRISON. It is for joint statehood.

The CHAIRMAN. That is right.

Mr. MORRISON. It is hopelessly that way, too; and so is the editor of the paper.

The CHAIRMAN. Also strongly?

Mr. MORRISON. Very strongly.

The CHAIRMAN. I will ask as to the Tucson Daily Star, Democratic.

Mr. MORRISON. The editor of that paper is a man by the name of Pinhead Hughes, we call him there.

The CHAIRMAN. Does he know you call him that?

Mr. MORRISON. Yes; we call him that to his face.

The CHAIRMAN. How is the Bisbee Evening Miner, Democratic?

Mr. MORRISON. That paper is also in favor of joint statehood, in Bisbee; yes. I do not know this myself, but they tell me that the editor was run out of Dawson a short time ago, and also out of ——. I do not think he is a man who is thoroughly responsible for everything he puts in his paper. [Laughter.]

The CHAIRMAN. How is the St. John Herald?

Mr. MORRISON. That is a newspaper of four pages, that size [indicating]. I know it. Maybe you have it here. If you will read it you can tell whether it has any influence or standing.

The CHAIRMAN. How is the Tucson Weekly Star?

Mr. MORRISON. That is the same paper edited by Pinhead Hughes.

The CHAIRMAN. And the Globe Silver Belt, daily?

Mr. MORRISON. There is no daily of that name.

The CHAIRMAN. It says it is daily part of the time. Well, how does it stand on the question?

Mr. MORRISON. It has been on both sides.

Mr. CRANDALL. It is strictly opposed to joint statehood.

Mr. MORRISON. Mr. Crandall lives there, and he knows. The circulation of all the newspapers you speak of is not equal to half of the circulation of the Phoenix Republican, in Phoenix, Ariz.

The CHAIRMAN. How does the Phoenix Enterprise stand?

Mr. MORRISON. It is absolutely anti-joint statehood.

The CHAIRMAN. It is reported to be in favor of it.

Mr. MORRISON. I can not help that. We have just come from there, and gentlemen from Phoenix will certify to that, and copies of the paper are here, and if you wish it we will show them to you.

Mr. HEARD. If there is any question about that we will present a file of the paper.

Mr. CAPRON. The gentleman's statement is as good as the file of the paper would be.

The CHAIRMAN. Let us take it easy, gentlemen, and we will get along splendidly.

Mr. CAPRON. In regard to the paper which I took up, I did not know whether it amounted to much or little; but is not Mr. J. C. Adams the president of the Anti-joint Statehood League?

Mr. MORRISON. Yes, sir.

Mr. CAPRON. The reason for the article in the paper appears to be a communication from Mr. Adams. It says: "The league will be under many obligations to you, and I think it would have great weight," etc. "Please print an editorial presenting your reasons for being for or against jointure." That seems to be sufficient excuse for the writing of this article.

Mr. MORRISON. That was the form of letter that was sent out to every newspaper in the Territory.

Mr. CAPRON. Still, it establishes this man's character to the extent, at least, that they thought his opinion worth publishing.

Mr. MORRISON. Get the other 48 or 49 newspapers of Arizona—Democratic, Republican, and Socialistic papers, all of them—and see what they say. You pick up a little newspaper there that has not any more influence in Arizona than I have in Washington, I believe, so far as the Territory of Arizona is concerned. [Laughter.]

Mr. CAPRON. Now, you are putting the newspaper on a high pedestal, sir. [Laughter.]

Mr. MORRISON. I thank you for the compliment; but I recognize the fact that the people of Arizona have little influence in the Capitol. We come here to plead a cause that we are heartily in favor of, and we want you to listen to us calmly and fairly and give us every chance. Let me tell you a little story. It will not take more than a minute.

The CHAIRMAN. We will be glad to hear it.

Mr. MORRISON. In the early sixties, under the Administration of Abraham Lincoln, by the Congress of the United States and this great Government of ours, the Territory of Arizona was cut off from Donna Ana County, N. Mex., and we were established into what is to-day the Territory of Arizona. I say that by that act the Government of this nation said to us:

Here is a Territory that is given to you. It is to-day controlled and managed and under the influence of the wild Apaches and other nomadic tribes of Indians in Arizona. If you people who go out from the east and you who are there will band together and take that country from the red-handed Apaches, and build it up, and develop all its resources, magnificent as we know them to be, then you will be entitled to statehood within your boundaries.

What did we do? Did we take that land from the Apaches? Surely we did. Surely the settlers in those days and on down to the seventies and eighties, the men who blazed the trails and who made that great Territory, did suppress the Apaches, and killed them by hundreds, and we took that land from them and have given it to the

white men. We ask that it be left to the white men, and we say we are entitled to that. [Applause.]

We have people from all parts of this nation in our Territory. We have them from every State and Territory in this Union—people who have gone out there and grown up with us. Now, gentlemen, I am not making a stump speech. I am telling God's truth about this thing, and I tell you that if you will examine the report of the governor of our Territory you will discover there facts that will convince you that Arizona to-day, because of the superiority of the intelligence of our people, of our resources, of our wealth, of everything that is within the boundaries of the Territory of Arizona, is entitled—if you will not give us statehood, and we are not asking for it, remember, at this time—to be left alone within the boundaries of Arizona as we were created in the sixties. That is all we ask. Let us work out our own salvation, and we will prove to you within a few years, if you people do not think we are entitled now to statehood, that we can present to this nation when the Territory of Arizona is converted into a State one of the grandest Commonwealths under the American flag.

Mr. POWERS. Now, if you have gotten through with your speech, as we are not deaf, let us get down to a lower tone of voice. Let me ask, in order to get the information, about the early history of the Territory. If I mistake not, the Territory of Arizona was set off, or erected into a separate Territory, in 1863. Am I right?

Mr. MORRISON. Yes.

Mr. POWERS. How much population had it at that time?

Mr. MORRISON. The population was very small. I do not remember.

Mr. POWERS. How much of the population was of Mexican extraction?

The CHAIRMAN. The population was 93,000—

Mr. POWERS. I know; but what proportion of that population was of Mexican extraction?

Mr. MORRISON. What was it, Mr. Chairman?

Mr. POWERS. In 1870 it was 93,000, of Mexicans and whites—under the census of 1870. How much of that population was Mexican at the time the Territory was set off?

Mr. MORRISON. I do not know that we have a record of it at all.

Mr. POWERS. How much of the population is Mexican now?

Mr. MORRISON. Twenty-four per cent—one-twentieth of the population—that is it.

Mr. POWERS. That is, you have now one-twentieth. If the population is as the governor states, 140,000, you have 7,000 Mexicans?

Mr. MORRISON. Yes, sir.

Mr. POWERS. Does that mean full Mexicans, or people of Mexican descent who have lived there?

Mr. MORRISON. It means that a majority of them were born and raised right there within the boundaries of the Territory, where they were when we took them in after the treaty of Guadalupe-Hidalgo.

Mr. POWERS. Has the Mexican population increased very much since it was set off by itself?

Mr. MORRISON. Not abnormally—only the ordinary increase of population.

Mr. POWERS. Has there been any special immigration of the Mexican population going on?

Mr. MORRISON. No, sir.

Mr. POWERS. If there is a population of 7,000 Mexicans to-day, what might you assume the Mexican population was in 1863?

Mr. MORRISON. There were very few indeed. There were very few people living there in 1863.

Mr. POWERS. Were not the majority of Mexican extraction at that time?

Mr. MORRISON. I admit it.

Mr. POWERS. I do not ask you to admit anything. Do not get excited.

Mr. SMITH. It is enough to excite any man.

Mr. MORRISON. It is only my manner, gentlemen.

Mr. POWERS. I want to find out about this.

Mr. SMITH. You have said you knew the facts.

Mr. POWERS. I said I knew what facts?

Mr. SMITH. You replied, when you asked him about citizenship—and three men heard you say it—"I know that."

Mr. POWERS. I know what?

Mr. SMITH. Whatever it was that you asked the witness about.

Mr. POWERS. I will examine the witness in my own way, and I do not propose to be dictated to by you. I have seen enough of that.

Mr. SMITH. So have I.

Mr. POWERS. I will examine the witnesses in my own way, and I will examine them fairly. I understand the reason why there is this great sensitiveness about what brings the delegates here and what the reasons are why they should come here.

Mr. SMITH. I denounce that statement as false and unworthy of the gentleman.

Mr. POWERS. And it shows their reason for coming here.

Mr. SMITH. I denounce that as absolutely untrue.

The CHAIRMAN. The committee will be in order.

Mr. SMITH. I will not sit here quietly and permit such things to be said about this delegation.

Mr. POWERS. You may impugn the motives of the chairman, but when you impugn my motives you are interfering with that with which you have no right to interfere.

Mr. SMITH. In all the time I have served in Congress this is the first word that I have ever heard that has been unpleasant toward me.

Mr. POWERS. You began it this morning with the chairman, and you have now begun it with me.

Mr. SMITH. Let me say another word. If I have done you any injustice, there is not a man on earth who will rush to you quicker than I, as you know, and take it back and beg your pardon.

Mr. POWERS. That is all right between you and me. We will be friends.

The CHAIRMAN. Shake hands, gentlemen, and call it off. [Laughter.]

Mr. SMITH. I feel that these people have their very lives at stake. It seemed to me that these are questions that you, Mr. Chairman, and the governor and I have gone over so many times, and that you knew these facts, and it struck me that out of partisanship and zeal you were trying to extract things from the witnesses, or putting them in a

position that would not represent conditions there at all or throw light on them. If I may have misconstrued you on that I am sorry, and I beg your pardon.

Mr. POWERS. I did not intend to do anything like that. I was simply trying to get some information for myself.

The CHAIRMAN. The Chair regrets this very much.

Mr. MORRISON. I hope I did not understand you to say that the 25 gentlemen who are here from Arizona are here because of improper influences?

Mr. POWERS. I did not make any assertion as to why they are here.

A MEMBER. Is it material why they are here? I take it they are here to enlighten the committee. I want to say that I am very much interested, and I want to get the information that Governor Powers's questions would lead to. I would respectfully request you to answer, if you can, Governor Powers's questions, as throwing light on the situation. I want it as a member of the committee.

Mr. MORRISON. I am doing it to the best of my ability.

Mr. POWERS. I thought I was examining the gentleman along that line; but as the gentleman disclaims any intention to interfere, and as he and I have always gotten along pleasantly, I will let it drop.

The CHAIRMAN. Governor Powers, have you any further questions?

Mr. POWERS. I do not know that I have. There is this matter about the schools that you were asking about when you were interrupted. I did not know exactly, except by reading in some books, what the relative positions were, but I got from the witness substantially the answers that I wanted.

The CHAIRMAN. In that connection, in reference to the remarks about boundaries, I have before me a memorandum saying that in the act of February 24, 1863, organizing the Territory of Arizona and separating it from New Mexico, there is this proviso:

Provided, That nothing contained in the provisions of this act—

The Chair will have to request all members to be in order—

Provided, That nothing contained in the provisions of this act shall be construed to prohibit the Congress of the United States from dividing said Territory or changing its boundaries in such manner and at such times as it may deem proper.

The Chair deems it proper to make that suggestion in connection with your remarks about boundaries.

Mr. MORRISON. Will you let me continue?

The CHAIRMAN. Certainly.

Mr. MORRISON. This did not promise separate statehood to Arizona, but the organic act creating the Territory of Arizona, passed by Congress during Mr. Lincoln's Administration, February 24, 1863, provided:

That said government shall be maintained and continued until such time as the people residing in said Territory shall apply for and obtain admission as a State on an equal footing with the original States.

The CHAIRMAN. Where does that proviso come? Does it follow that—the proviso that I have read?

Mr. MORRISON. Yes, sir; in that same connection—

The CHAIRMAN. But Congress reserves the power to change the boundaries as it chose.

Mr. MORRISON. But this follows, that we shall have the right to remain in that condition until we apply for admission and are admitted on an equal footing with the original States. But we are not applying for statehood.

The CHAIRMAN. It seems difficult for us to go at the proposition coolly.

Mr. MOON. I take it that he does not insist that it is a legal obligation on Congress to leave it in the present condition, but a moral obligation.

Mr. MORRISON. Certainly. There is no legal obligation—certainly not.

Mr. REID. You were trying to explain why it was that it would be difficult to consolidate the school systems.

Mr. MORRISON. Yes.

Mr. REID. You have a compulsory system of education in Arizona, have you not?

Mr. MORRISON. Surely, we have.

Mr. REID. I notice in the governor's report that he comments very strongly upon the fact that it is difficult to get the Mexican portion of the population to obey that law, and he speaks of the Mexicans as being probably the only illiterates there. I notice that the governor in his report calls attention to the fact, and I will just use his language here:

Parents and guardians are required by law to send their children to school for at least six years—between the ages of 8 and 14—and the law is obeyed almost without exception by American parents. The exceptions are found among the Mexican population, and such exceptions furnish the only really serious problem that confronts the Territory in the matter of education. The law provides that under certain contingencies compulsory attendance may be waived.

He then goes on to say that the Mexicans take advantage of that, and he speaks of that as a serious problem. That would be greatly enhanced by adding New Mexico to the Territory?

Mr. MORRISON. Surely; when we have such a small number of Mexicans in our Territory now. If you add to that percentage the overwhelming majority of the people of New Mexico, who are Mexicans, it would increase the difficulties which we would have to overcome, or attempt to combat in some way, in carrying on our educational work.

The CHAIRMAN. You say the overwhelming majority of the people of New Mexico, who are Mexicans.

Mr. MORRISON. Yes, sir.

The CHAIRMAN. But there is not an overwhelming majority of people of Mexican extraction in New Mexico, is there?

Mr. MORRISON. I am satisfied from my own knowledge that it is overwhelmingly Mexican; I have no doubt of it.

The CHAIRMAN. The population of New Mexico is 195,000, and 16,000 of those are Indians. It has been estimated, and I call your attention to this before having you discuss it, that two-fifths of the population of New Mexico, outside of the Indians, are people of Spanish descent. What comment do you desire to make on that?

Mr. MORRISON. Only two-fifths?

The CHAIRMAN. It is so estimated.

Mr. MORRISON. There is no question about this proposition, Mr.

Chairman. Every man in the room will corroborate my statement when I say that more than a majority of the population of New Mexico is Mexican without a question.

The CHAIRMAN. There is a very decided question.

Mr. MORRISON. There has only been one legislature in New Mexico that has had an American majority.

Mr. POWERS. How do you ascertain that there has only been one legislature in New Mexico that has had an American majority?

Mr. MORRISON. From the record

Mr. POWERS. How do you ascertain it from the records?

Mr. MORRISON. From the names.

Mr. POWERS. From the names being Spanish names?

Mr. MORRISON. Yes, sir.

Mr. POWERS. If you were to take that fact, that the names are Spanish names, as the criterion by which to decide this matter, please tell me when we would ever have an American majority. As I understand it, we have in all our States Dutch names, Irish names, names of various nationalities that appear in the legislatures and everywhere, and the bearers of these names have long ceased to be anything but Americans. Even the President, Mr. Roosevelt, has got a good old Dutch name. Yet, I would hardly shut him out from being an American by reason of his name. I have no doubt you can find a legislature in which the majority of the names are Spanish names. Then comes the question, How many of the bearers of those names have become Americans to all intents and purposes?

Mr. MORRISON. I can say this, from being present at at least half a dozen sessions of the legislature at Santa Fe, N. Mex.: On those occasions a majority of the members of those legislatures were Mexicans, and in every case, wherever there is a legislature held, it is necessary to have a Spanish interpreter to interpret the remarks from Spanish into English and from English into Spanish.

Mr. POWERS. I have no doubt of that.

Mr. MORRISON. I am not objecting to that. So far as New Mexico goes it is all right, because of the conditions there; but we do not want that forced upon us.

Mr. POWERS. How would it hurt you?

Mr. MORRISON. Because we want our proceedings carried on in the English tongue, in the American tongue, in the language of the United States; and we do not want to have things interpreted to us from Spanish into English.

Mr. POWERS. What difficulty would there be in the matter of interpretation in your section of the State?

Mr. MORRISON. If we were united with New Mexico, in New Mexico they would have the majority of the votes as against Arizona; and, I say, that if there was a union of those two populations, the Mexicans would dominate. They would not surrender the rights they have there to sit upon juries, to be members of the legislature, to occupy any elective office—

Mr. POWERS. Just answer my question. Do you draw jurors from one county?

Mr. MORRISON. Yes, sir.

Mr. POWERS. What is the need of an interpreter in a county where they all talk English?

Mr. MORRISON. None at all.

Mr. POWERS. What more need would you have for it after statehood than now?

Mr. MORRISON. There are Mexicans in every county in Arizona.

Mr. POWERS. You do not need an interpreter now, do you?

Mr. MORRISON. No, sir; and we do not want to be placed in a position where we would have to use one.

Mr. POWERS. I think I know something about this interpreter business. I happen to live in that part of the great State of Maine where for many years a large proportion of the inhabitants—perhaps 25,000—was French, and while we use an interpreter at every term of court, it does not interfere with the proceedings. I can not for the life of me conceive why, if in some counties in New Mexico they were compelled to use an interpreter, it should affect one of the counties where you do not need one. It does not in our State.

Mr. MORRISON. I would like to say a word on that very subject. There are lawyers on this committee, and I am one. I want to speak to the lawyers for a moment. Do you wish American lawyers to be subjected to this condition of affairs, that whenever the courts are opened in the Territory, or in the State of Arizona, it shall be as it is in the Territory of New Mexico to-day? Do you wish to subject American lawyers to this condition? In those courts, when they face the jury, it is made up of people who do not understand or speak the English language, and because of that every word is translated from English into Spanish and from Spanish into English, from the time the case begins until the court has charged the jury; and when you are addressing a jury, when you stand there talking in good plain English, your jury can not understand, a great many of them, what you are saying, and the interpreter stands by your side and has to interpret for you and tell them what you are saying.

Mr. POWERS. I do not think that answers the question. That will occur in those Spanish counties in New Mexico both before and after statehood; but how it can affect you in Arizona, I think you have failed to explain. The condition would be the same afterwards as before.

Mr. MORRISON. If you make special legislation that provides that in one county there shall be no interpretation and in another county there shall be interpretation because of the presence of Spanish or Mexican population—

Mr. POWERS. The question as to the interpreter, so far as I know about it, and I have been compelled to use one a great many times, is that whether the interpreter is necessary or not has always been determined by the presiding judge after an examination into everything in the county in which the proceeding took place.

Mr. MOON. But the proceeding was in English?

Mr. POWERS. That went on in English. The interpretation was for the benefit of the witnesses.

Mr. MOON. That occurs wherever a foreigner comes before a jury, but it is the exception. You do not want us to establish the precedent of our courts being conducted in Spanish, practically, or French, or anything else?

Mr. POWERS. I talked with Judge Abbott, who was recently sent down to New Mexico, and he told me he had just been out to a Spanish county and held court, and he had to conduct everything through an interpreter. He said he had held quite a number of

courts in English in Albuquerque and other places; but no court that he had held had been more satisfactory to him than the one where the lawyers and jurors and witnesses and everything were Spanish.

Mr. MORRISON. Then we had better adopt the Spanish language out in that country and abandon English.

Mr. POWERS. I think you have a great many stronger reasons for opposing joint statehood than this one.

Mr. MOON. In the Federal courts the jurors are drawn from many counties.

Mr. POWERS. We excuse them for not understanding the language.

Mr. MOON. What are you going to excuse them for not understanding?

Mr. POWERS. English.

Mr. COLE. Are you able to tell what percentage of the people in Arizona and New Mexico do not know and do not understand or read the English language?

Mr. MORRISON. I am not positive as to New Mexico. If you will separate them I possibly could answer you as to Arizona.

Mr. COLE. Answer it as far as you can.

Mr. MORRISON. In that connection I will say that the percentage is very small in Arizona, for this reason—

Mr. COLE. Give me the percentage, approximately, without going into the matter any further.

Mr. MORRISON. Five per cent.

Mr. COLE. That can not speak or read English?

Mr. MORRISON. Yes.

Mr. COLE. That 5 per cent read and do business in Spanish, do they?

Mr. MORRISON. Not all of them, but a great many do. So far as illiteracy is concerned, and so far as the Mexicans in our Territory are concerned, if you take illiteracy to mean that a man can not write his name, a great majority of them can write their names.

Mr. COLE. What part of the people can not write or read in any language? Do you know?

Mr. MORRISON. Six per cent of the native whites, including Mexicans and the illiterate white population.

Mr. COLE. Where do you get those figures?

Mr. MORRISON. They are the census figures for 1900.

The CHAIRMAN. Will you kindly, with the permission of the committee, incorporate the actual census figures as to the proportion of people of Spanish descent in New Mexico, if the census shows that—the number of people of Spanish descent in New Mexico?

Mr. MORRISON. It does not show it, Mr. Chairman. You will remember there is no distinction between Americans and Mexicans.

Mr. MOON. Mr. Andrews was in here the other day, and he said about seven-tenths of the population was Mexican. He might give you some information on the other question.

The CHAIRMAN. It has been estimated that two-fifths of the population is of Spanish descent.

Mr. POWERS. I think you will find that about two-fifths can not speak English.

Mr. REID. And about three-fifths of Spanish descent?

Mr. POWERS. Yes.

Mr. MORRISON. In Arizona the percentage of native white illiteracy is 6.2 and in New Mexico 29.4. We do not make a distinction out there.

The CHAIRMAN. Kindly comment in that connection upon the difference between your statement and the statement of the Federal census. As I take it, leaving out the percentage of illiteracy in Arizona, the census does you an injustice, because if the Chair is correctly informed the Federal census includes Indians in the estimated population and also in illiteracy, which gives you an unfair rating as to illiteracy in Arizona. Is that true or is it not, that they include Indians in the proportion of illiteracy?

Mr. MORRISON. There are about 26,000 Indians in the Territory of Arizona which have been included in this census report. Of course all of the Indians are treated as illiterates—that they can not read or write the English language—and because of that our percentage of illiteracy has been vastly increased.

The CHAIRMAN. What does the census report your percentage of illiteracy to be?

Mr. MORRISON. Twenty-nine per cent, including 26,000 Indians.

The CHAIRMAN. And that is what brings it up to that extent?

Mr. MORRISON. That is what makes it run so high.

The CHAIRMAN. Precisely.

Mr. MORRISON. But in that connection the census report shows that the percentage of illiteracy among the whites—that is, the Americans and Mexicans in Arizona—is 6.2 per cent.

The CHAIRMAN. Where.

Mr. MORRISON. In Arizona, from the census report.

The CHAIRMAN. Outside of the Indians?

Mr. MORRISON. Leaving the Indians out.

The CHAIRMAN. That is what we want to get at.

Mr. CAPRON. There seems to be such a wide divergence of opinion that I wish to call attention to this statement from the Census Bureau, which reads thus:

Males 21 years of age and over, excluding Indians, in New Mexico, 51,905; in Arizona, 37,541. Out of that population of 51,905 in New Mexico there are 12,684 illiterates; and out of the population of 37,541 in Arizona there are 5,267 illiterates. The percentage of illiterates in New Mexico is 24.4 and in Arizona 14.

Mr. REID. That is, over 21 years of age.

Mr. CAPRON. Over 21 years of age—males over 21 years of age, excluding Indians, 14 per cent in Arizona.

Mr. MORRISON. What year is that?

Mr. CAPRON. 1900. The last census we had.

The CHAIRMAN. This is a report that has come from the Census Bureau within the last few days.

Mr. MORRISON. Remember, gentlemen, that says over 21 years of age. That does not include the children in our Territory, and we are gaining constantly. Another thing, remember that that percentage is of people over 21 years of age, and that we have a population of about 24,000 foreign-born inhabitants. I will find it in the report for you in just a moment. Permit me to read from the governor's report, on page 13:

Of the 10,648 "white" illiterates—

The CHAIRMAN. Just a moment. I am very sorry to interrupt you. This is pension day, I understand.

Mr. LLOYD. Yes.

The CHAIRMAN. It will be necessary for us to adjourn a little sooner on that account. The Chair regrets that we have been obliged to interrupt you gentlemen, but the gentlemen who have interrupted you have, notwithstanding the feeling which has been expressed, and which has now blown over, interrupted you in good faith. We want to give you a further opportunity to be heard. When does the committee desire to meet again?

Mr. LLOYD. To-morrow morning.

Mr. MCKINNEY. To-morrow morning at half past 10.

Mr. SMITH. May I make a suggestion? These gentlemen are anxious to get away, I have no doubt. Mr. Morrison, in actual time by my watch, has not talked during the whole hour over fifteen minutes. If the committee would let him go on, and take a note of anything on which it is desired to question him, they could then, after he has finished his statement, subject him to any examination the committee might wish. That would bring it out in an orderly way and would not break up the line of his argument. That is the ordinary way of doing it. We would get through so much quicker. I wish the chairman would make that ruling at the next meeting.

The CHAIRMAN. Yes; let us adopt that.

Mr. MORRISON. Gentlemen, on the question of illiteracy, permit me to read from the governor's report, and close my remarks. On page 13 of his report he says:

The total number of illiterates in the Territory was given as 27,307. Of this number 16,659 were Indians, Japanese, Chinese, and negroes, leaving 10,648 as the number of "white" illiterates.

Of the 10,648 "white" illiterates, 7,552 were foreign born. Of the 3,096 illiterates remaining, 1,830 were of foreign parentage. This would leave an illiterate native "white" population of but 1,266.

It should be remembered also that our citizens of Mexican descent are all classed as "white," and it is safe to say that of the 1,266 native "white" illiterates practically all were of Mexican descent.

For the purpose of depreciating Arizona's claims to statehood, a favorite argument is always found in the alleged illiteracy of her population, but the very census returns to which appeal is made for the purpose of sustaining these arguments firmly establish the Territory's claim to rank with the very best sections of the Union in the matter of low percentage of illiteracy. And for the purpose of showing the scantiness of her population emphasis is laid upon the fact that the census returns of 1900 include the Indians, while for the purpose of proving the illiteracy of Arizona's people the Indians are always forgotten.

Indeed, it is my observation from a long residence in the Territory and from a fair knowledge of the population of many of our States, that Arizona has a smaller percentage of illiterate Americans than any other subdivision of the Union. I do not believe that there are 50 illiterate Americans in all Arizona.

Mr. LLOYD. Several of us are anxious to have a meeting this afternoon. Would it be possible for us to meet at 2 o'clock?

The CHAIRMAN. Will the gentlemen of the committee state how they feel on that subject, one at a time?

Mr. LLOYD. As to the pension record, of course everyone here is probably interested in what is going to happen to-day; but I understand the pension business will be disposed of by 2 o'clock. I only suggest this in order to intimate to them that they are going to have the time.

The CHAIRMAN. The Chair has not manifested any disposition not to give them the time.

Mr. LLOYD. You have manifested the opposite disposition to give them all the time they want. I do not want to be understood as saying that you have not.

The CHAIRMAN. I am a little sensitive on account of something Mr. Smith said a little while ago.

Mr. LLOYD. I did not hear that. I will say now that you have manifested the greatest disposition, publicly and privately, to give everyone the opportunity to be heard, as far as it is possible.

The CHAIRMAN. I thank you very much for that. That has been my intention as chairman of this committee.

Mr. LLOYD. I think every man here will bear me out in that statement, because I have mentioned it to them.

Mr. HEARD. We thoroughly appreciate the time you have given us, and I hope you will find it consistent to give us time in which to present our full case.

The CHAIRMAN. We want to do that. We would not like to have you go back without giving you a full chance. I simply want to say, in regard to certain things that have arisen here, that it is not partisan, it is not the result of a conclusion, necessarily, in the minds of members of this committee; but there are certain arguments which have been advanced publicly, and perhaps from one man to another, in relation to this statehood question—I need not go into details—and it has made it eminently proper, it seems to the Chair, that we should try to get at the questions involved here by inquiry. We do not want to restrain the gentlemen from Arizona from saying what they want to say, but at the same time we would like to get some information from them as to their internal affairs which, while we can get it from the governor's report, we still want their comments on. We want full information on both sides.

Mr. HEARD. We welcome that, and will take pleasure in giving all the information we can.

Mr. LLOYD. If we are to do that we ought to give them an opportunity to say what they want to say. You are exactly right in trying to draw out information.

The CHAIRMAN. If we could get together this afternoon, as far as I am concerned I would put aside everything else.

Mr. LLOYD. Oh, certainly.

The CHAIRMAN. Several members feel that it is impossible.

Mr. MCKINNEY. I would hate to miss the hearing, but I had some matters on hand this afternoon which require my attention.

The committee, at 12 o'clock m., adjourned until to-morrow, Thursday, January 18, 1906, at 10.30 o'clock a. m.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Thursday, January 18, 1906.

The committee met at 10.45 o'clock a. m., Hon. Edward L. Hamilton in the chair.

The CHAIRMAN. Gentlemen from Arizona, we will proceed.

Mr. HEARD. Mr. Chairman, speaking for the delegation from Arizona, I wish to state that in the heat of the debate of yesterday, in looking over the records of the minutes of the meeting, I find there were certain statements made that we feel will really require explanation. We desire to conduct this thing upon our part with the utmost courtesy, and we appreciate the hearing that we are being granted, but we do not feel that any member of this committee should intentionally cast any reflection upon the members of our delegation, and with the permission of the Chair I should like to read certain statements which we feel require an explanation. This is said in the most courteous spirit and with the desire that we may proceed along the lines which we believe you all want us to. I will read the statement referred to, which is contained on page 18 of the record of yesterday's proceedings. Governor Powers, in answer to a remark from Mr. Smith, said:

I will examine the witnesses in my own way, and I will examine them fairly. I understand the reason why there is this great sensitiveness about what brings the delegation here and what the reasons are why they should come here.

Again, on page 20 we find this statement. Mr. Morrison says:

I hope I do not understand you to say that the 25 gentlemen who are here from Arizona are here because of improper influences.

To which Governor Powers replied:

I do not make any assertion as to why they are here.

Gentlemen, I wish to say, speaking for the delegation, that we feel that a reflection has been passed upon the delegation which requires an explanation. I have here a list of the members of our delegation which I would like to submit. We represent the interests in Arizona, and we welcome fully an investigation as to the earnestness and honesty of our motives.

Mr. POWERS. Does the gentleman think anything I said requires any explanation from me?

Mr. HEARD. We felt that it did, Governor.

Mr. POWERS. Did I not state distinctly that I did not intend to make any reflection as to why you were here?

Mr. HEARD. I trust, Governor Powers, that you are willing to express to the delegation the idea that you intended to cast no reflection.

Mr. POWERS. Any reflection upon the delegation? Of course I did not intend to express any.

Mr. HEARD. We trust you intended to cast no reflection upon our integrity or the honesty or earnestness of our motives.

Mr. POWERS. Is there anything there that does cast any such reflection?

Mr. HEARD. We felt so.

Mr. POWERS. I do not so construe it, and it was not intended as anything of the kind.

Mr. HEARD. Thank you, sir.

The CHAIRMAN. We will now proceed, and Mr. Morrison has the floor.

STATEMENT OF MR. R. E. MORRISON—Continued.

Mr. MORRISON. I have occupied the floor in this committee room during two sessions, and in the course of the discussion that has gone on I think we have, in a way, presented our case in a fair and conservative manner, and as there are other members of our delegation to whom subjects have been assigned I will conclude my remarks in a very few minutes.

I wish to say that I was asked to respond to the subject of the law and the schools. Yesterday we discussed the school question, and to-day I wish simply to say this: In Arizona we have a code of which we are proud; in Arizona we have judges of integrity, appointed by the supreme Executive power of this nation, confirmed by the Senate, and we have the utmost confidence in their intelligence and integrity; that we are perfectly confident of this proposition; that our judges under our Territorial form of government will give us a correct administration of judicial affairs of the Territory. Our lawyers, as far as that is concerned, are also eminent men and men of the highest integrity, and many of them have had great experience in the practice of law. In that connection I desire to say that one of the things that we fear in Arizona, so far as the courts are concerned, is that there may be thrown upon us the burden of a system of jurisprudence or the interpretation of it which has sprung up in New Mexico.

In New Mexico there has sprung up a system of interpretation in the courts—I do not believe there is any question about this proposition, and Mr. Rodey is here from New Mexico, and I do not think he will attempt to contradict it—a system that permits the Spanish or Mexican population in the Territory to serve on juries, men who do not speak or understand the English language. So far as I am concerned I have no objection to New Mexico having that kind of procedure. It is necessary, probably, under the conditions in New Mexico. That results in the necessity of having court interpreters in the courts in the trial of jury cases, and that interpreter has to be there from the time the court opens until the court closes, and has to interpret from the Spanish into the English and from the English into the Spanish everything that goes on. I do not think there is any other State or Territory in the United States where it is the custom to have constantly interpreted the English language into a foreign language in this way, no matter what the language may be.

It is true that occasionally when a foreign witness is on the stand, a Frenchman or a German or a Bohemian or an Italian or some other foreigner, the services of an interpreter are called in; but in New Mexico the services of an interpreter are required constantly, not only to interpret the testimony of the witnesses from the Spanish language into English, but to translate everything that is said in English into the Spanish language, because of the fact that there are present on the jury people who do not understand the English language. In Arizona we have nothing of that kind. The lawyers and the people of Arizona fear, and we have a right to fear, that if we are united to New Mexico and formed into one State that the Spanish and

Mexican speaking people of New Mexico will insist that that same procedure will be carried on, and so far as Arizona's people are concerned—and I believe that I speak with the consent of all our people upon this subject—we do not wish to have that style of procedure in the courts of Arizona. We wish to continue in the way that we have gone on from the time we were organized as a Territory, that we be permitted to carry on the procedure in our courts in the English language, and that we be not compelled to have upon our juries people who do not speak or understand the English language and so make it necessary that everything that is said during a jury trial shall be interpreted from the Spanish into the English and from the English back into the Spanish.

As a lawyer, Mr. Rodey knows that this takes place in New Mexico courts, just as I have stated, and doubtless he has himself stood before a jury made up in part of men who did not understand the English language—where it has been necessary for him to have all that he has said and all that his witnesses have said interpreted into Spanish by the court interpreter or some distinguished Spanish scholar like Col. J. Francisco Chavis. I say upon that subject we wish to have our own style and our own way of doing things, which is the way court proceedings are conducted all over the United States. There is a difference, so far as procedure is concerned, between our methods in Arizona and those followed in New Mexico. We all know that we in Arizona get our procedure from the common law, practically; we all know that we have a code there under which we practice; we know that in New Mexico it is somewhat different. The people in New Mexico were taken into the Territory of New Mexico not of their own free will, but because of the treaty of Guadalupe-Hidalgo; the boundaries of the United States were changed in respect to our southwest boundary line away back in the forties, and those people were brought under the flag of the United States, as I say, not of their own volition, but because of the strong arm of the United States; and because of that condition it has been necessary that there should be incorporated into the legal system of New Mexico the manner of conducting legal affairs under the civil law which is in existence there to-day, and that is because of their Mexican population. We derive all of our procedure from the common law, and we ask that we will not be placed in a condition where we will be compelled to change the system which we have built up.

I wish to say this, Mr. Chairman and gentlemen of the committee, and I wish to say it emphatically, and I speak by authority. No matter what may have been said in the public press or no matter what the people from New Mexico may say in advocating the cause which they believe to be proper and just, 95 per cent, if not a greater per cent, of the people of Arizona are in opposition to joint statehood. We have the evidence of it here from all parts of the Territory; we have the petition which was presented by our chairman, Mr. Heard, that was signed by 3,500 or more people upon the occasion when our Territorial fair was in session at Phoenix. The school-teachers of Arizona have met and declared by unanimous vote that they are opposed to joint statehood; the cattlemen have met, the sheep men have met, the miners have met in convention in Phoenix; and wherever there has been a meeting, an outpouring of public opinion, it has been in opposition to joint statehood.

Mr. FOWLER. How about the bar association?

Mr. MORRISON. And the bar association of northern Arizona, of which I am a member, passed a resolution at our banquet there in the month of December opposing joint statehood in every possible way and form. Now, under those conditions, I ask you, gentlemen, if you favor forcing upon a portion of the American people, if you believe in saying to the people of Arizona after the implied promise that was given us as we had it here yesterday, that we shall lose our identity, that we shall be amalgamated with New Mexico; and, although our area is too large now, you might say, that it shall be doubled, and that we shall have a territory with 236,000 square miles, or something of that kind. I ask you, Is that American citizenship? We stand here before you representing people that come from all parts of the United States; we come to you with a splendid form of government there in Arizona; we come to you and we say that our people are satisfied and contented to remain as a Territory—the Territory of Arizona—until such time as the Representatives of the people in Congress shall be willing to say to us, "Come in as an individual State." We have built up splendid mines, until the copper production of Arizona is either second or third from the top of the list in the United States. We have out there towns that are substantially built, and I have here pictures of the buildings in Prescott showing the character of the structures there, showing how the town I live in is improved. You can see many pictures which we have here showing the development of our towns. We have here a great many photographs showing things as they exist, and they will show you that our population is thoroughly American, and that all these improvements are of a splendid character.

I desire to say further that we have a population that I believe to-day is approximately 170,000, and that they are very nearly all American citizens. With the system of irrigation which we are now adopting out there, with the vast plans that we have, and with the water which will be stored by the munificence of the National Government by the construction of dams and reservoirs, we will soon have close to a million acres under cultivation—that many in the next twenty-five years, anyway—giving homes to thousands of American families. There is practically no other place in the United States, except in that arid region or semiarid region, where land can be taken up that is subject to entry under the homestead laws.

I beseech you, gentlemen, I ask you that you will consider this matter carefully, and that you will report that Oklahoma and the Indian Territory shall come in as one State, and report that New Mexico shall come in as a State within her present boundaries, and we will be perfectly satisfied if you will leave Arizona out, unless you say to her that she can come in as an independent State; that if you can not do that now, then we say leave Arizona out, let her remain as a Territory within her present boundaries for the present, and we promise you that the people who have made that country what it is to-day, who have wrested it from the Apaches and since then from the arid conditions, will give you a Commonwealth that will be worthy to occupy a star upon the American flag.

The CHAIRMAN. Mr. Morrison and gentlemen of the committee, under the understanding that was had yesterday, if Mr. Morrison has

now concluded his argument the Chair will ask whether there are any members who desire to submit any questions to him.

Mr. KLEPPER. I would like to ask him a question.

The CHAIRMAN. Proceed.

Mr. KLEPPER. I understand that they use the interpreter in the courts in the Territory of New Mexico and not in Arizona?

Mr. MORRISON. Yes, sir; that is correct.

Mr. KLEPPER. In case you come in with New Mexico, how will this affect the courts of Arizona?

Mr. MORRISON. In this way, sir: We will hold a constitutional convention. New Mexico, according to this bill, is given 66 votes, and we in Arizona are given 44 votes. That gives the people of New Mexico a majority in that constitutional convention. It is not to be conceived that the people of New Mexico will permit a change from the present conditions in reference to the courts. Over one-half of the people of that Territory are Mexicans, and they, to an overwhelming extent, do not understand or speak the English language. They are not going to submit to this condition of affairs that they will be banished from the juries, that they will not have a right to sit upon juries, even if they do not understand the English language; and so there will be incorporated into the constitution which is submitted to the people for voting a proposition that will involve that very idea, a continuance of that condition of affairs in New Mexico.

Mr. KLEPPER. Unless there be an influx of Spanish-speaking people into the Territory of Arizona, the Territory that is now Arizona, why would you need an interpreter in your courts?

Mr. MORRISON. We would not need any in our courts, because we only allow men to serve on the juries who understand the English language; but in New Mexico, under their procedure, a man who does not understand the English language is allowed to serve on the jury. Those Mexicans, or Spaniards, as we call them, sit upon the juries, and everything must be interpreted to them so that they will understand what the witnesses are testifying to. They can not tell what the witnesses are saying when the witnesses are talking in English.

Mr. KLEPPER. You have a very small percentage of Spanish-speaking people in Arizona, have you not?

Mr. MORRISON. Yes, sir.

Mr. KLEPPER. Do you think it probable that in case you come in with New Mexico you will have drawn on the juries Spanish-speaking people in the part of the new State that is now Arizona?

Mr. MORRISON. Yes; there is no question about it. We find those people in almost every county in the Territory.

Mr. KLEPPER. There is no law to discriminate against the negro sitting on the jury in other States of the United States, and yet it is seldom that we ever see a negro on a jury.

Mr. MORRISON. I am not responsible for those conditions, of course.

Mr. POWERS. I can not see the force of your argument, although it may be all right. Does not this bill make a separate judicial district, so far as the United States is concerned, of Arizona?

Mr. MORRISON. Yes. I am talking about our State courts.

Mr. POWERS. I will ask about the United States courts first. Does it not?

Mr. POWERS. I think so.

The CHAIRMAN. Yes, it does.

Mr. POWERS. You know about that, Governor.

The CHAIRMAN. Will you please explain how a single juror can be drawn from New Mexico to serve in that United States district court in Arizona?

Mr. MORRISON. Not from New Mexico; but the Mexicans in Arizona would have the right under the law, as they have in New Mexico, to sit upon juries in Federal courts.

Mr. POWERS. It is the 5 per cent of Mexicans in Arizona that you now have reference to.

Mr. MORRISON. Whatever it may be; it makes no difference. If one man gets on a jury and that one man does not understand the English language, there has to be an interpreter who will interpret everything that is said for him.

Mr. POWERS. Are they excluded now by the laws of Arizona from sitting on the jury?

Mr. MORRISON. Only this general provision that a man must understand and speak the English language in order to sit upon a jury.

Mr. POWERS. Is there any law excluding them from sitting on the jury in Arizona to-day?

Mr. MORRISON. Certainly.

Mr. POWERS. A statutory provision?

Mr. MORRISON. Yes; people who can not understand the English language and speak it are excluded.

Mr. POWERS. Is not that simply a question of challenge to go to the court?

Mr. MORRISON. No, sir; the law is one going to the general qualifications of a juror. Men drawn for service on the jury are always asked in the beginning "Do you speak and understand the English language?"—

Mr. POWERS. I understand that, my friend—

Mr. MORRISON (continuing). And if they can not they are excluded.

Mr. POWERS. I understand that, but let me continue my questions. You say there is a statute of Arizona which prohibits a man from serving on a jury unless he can understand the English language?

Mr. MORRISON. Yes, sir; that is our statutory law. That is one of the qualifications necessary for service on the jury, and I am surprised if that is not a law throughout the United States. Otherwise how can a juror understand the proceedings and testimony in the court?

The CHAIRMAN. Might not that be a proper matter for challenge in any State of the Union where a cause was pending—requiring a knowledge of the English language?

Mr. MORRISON. It would be a ground for challenge, of course, if a man drawn did not understand the English language; there is no question about that.

The CHAIRMAN. You have a code in Arizona?

Mr. MORRISON. Yes, sir.

Mr. POWERS. The only thing I was trying to get at was this: What I supposed the gentleman was afraid of was these Mexican counties, juries coming from them; but it seems it is the small 5 per cent of Mexican-speaking people in Arizona that he is afraid of.

Mr. MORRISON. It would not make any difference, Governor. As

lawyers we should not be placed in the position where we would be compelled to exercise a peremptory challenge and exhaust our challenges because of men being drawn on the juries who did not understand English, and that would have to be the condition of things in Arizona without question if that proposed measure becomes a law and Arizona comes in as a State as part of New Mexico, because the Mexicans being in a great majority in New Mexico would unite with their people in Arizona, and they would insist that they should have the right to sit on juries, even although they did not understand English.

Mr. POWERS. Is not that a question that would go to the court?

Mr. MORRISON. No, sir.

Mr. POWERS. Living in a court district where 25,000 people speak French, I will say that we never have any Frenchmen on the juries, except those that can speak English. If a man does not speak English, that is sufficient reason for his being excused from jury service. He is set aside, and still we have no statutory provision about it at all.

Mr. MORRISON. A man that can not understand the English language can not sit upon a jury?

Mr. POWERS. No: I say the judge lets him stand aside. I think that obviates the whole difficulty.

The CHAIRMAN. Pursuing the inquiry of Governor Powers, I want to submit an inquiry or two. First of all, if you should become a State by the merger of Arizona and New Mexico, I assume you would have what we in Michigan call circuit courts, what are called circuit courts in various parts of the country and district courts in other parts of the country?

Mr. MORRISON. State courts?

The CHAIRMAN. Yes. And in the circuit courts of Arizona justice would be administered practically as it is to-day, the circuit courts there would administer local conditions as they exist, would they not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And in New Mexico the circuit courts would administer conditions practically as they exist to-day, would they not? Each circuit court would be a judicial entity in its administering of the law in relation to the inhabitants of that particular judicial circuit. That would be true?

Mr. MORRISON. Yes.

The CHAIRMAN. Now, as to population—

Mr. MORRISON. Will you let me answer that proposition?

The CHAIRMAN. I thought you did.

Mr. MORRISON. Yes; but it requires this explanation. While there is such a large part of the population of the State made up of Spanish-speaking people—and they are in the majority there—then the laws will be so passed and so made that that large part of the population will not be disfranchised so far as sitting on juries is concerned.

The CHAIRMAN. You having answered that in that way, is it not true that you claim at least 100,000 English-speaking people derived from various parts of the Union in Arizona?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And in New Mexico by the Federal census they are given a population of 195,000. Now, the question arises what proportion of the 195,000 of New Mexico are people of Spanish ex-

traction, does it not? It is claimed by some that two-fifths of the people of New Mexico are of Spanish extraction, and with your permission I will ask Mr. Rodey, who is present, and who has been a Delegate from New Mexico, to state for the benefit of this committee what the people of New Mexico understand as to the percentage of population of Spanish extraction in New Mexico.

Mr. MORRISON. I would suggest that we be permitted to conclude our case first and that then the other side be allowed to answer.

The CHAIRMAN. I wanted to get the figures, but if you object, I will withdraw that request. Leave it in that shape, then. If it be true that two-fifths of the population of New Mexico only are people of Spanish extraction, then you could hardly fear that the joint population of Arizona and New Mexico of people extracted from various parts of the Union could be submerged by the comparatively small percentage of people of Spanish extraction in Arizona, could you?

Mr. MORRISON. Yes, sir; 66 people in the constitutional convention from New Mexico as against 44—

The CHAIRMAN. What would you say if you were given the same number of delegates from each Territory to your constitutional convention; then what?

Mr. MORRISON. We do not wish it that way; but that would give us some chance to combat this proposition; but we know that politics will be mixed up in it; we know that New Mexico will be insisting on its way, with 66 votes, and, as I have said, a majority of the people in New Mexico are Mexicans.

Mr. POWERS. But your right to circuit courts would not be affected by your constitutional convention.

Mr. MORRISON. But the laws of New Mexico to-day provide that a person who does not understand and speak the English language can sit upon a jury.

Mr. POWERS. Suppose that was in a State circuit court—and you have already stated that the courts will be separate judicial entities and that that question of Spanish-speaking people would not affect you in Arizona, but would only affect that part of the proposed State where the people of Spanish extraction lived.

Mr. MORRISON. No, I have not stated it; what I say is this, that those 66 votes being an overwhelming majority in the constitutional convention, they would put into the constitution, as they have in the laws of the Territory of New Mexico to-day, a provision that in the new State, people who do not speak and understand the English language will have the right to sit upon juries.

Mr. POWERS. Now, is there any such law in New Mexico?

Mr. MORRISON. There is a law which permits people who do not speak or understand English to sit upon juries, and such men are drawn on juries in the United States courts, and they are drawn in the Territorial courts.

Mr. POWERS. I am informed by Mr. Rodey, who has been a Delegate here—and I give you this that you may correct yourself, if you are wrong—that there is no such statute whatever on the statute books of New Mexico, and never has been. As you may know, Mr. Rodey has been a Delegate here, and he is a prominent lawyer of New Mexico. I do not know whether he or you knows better about it.

Mr. MORRISON. But I will ask you this, Governor Powers: If it is not a fact that in New Mexico, then, in the absence of statutes,

Mexicans do sit upon the juries in every county—I mean Spanish-speaking people—who do not understand the English language?

Mr. POWERS. I don't know anything about that; I presume they sit upon them in Mexican counties, though.

Mr. MORRISON. I say that that is the fact. They do sit upon juries there all the time, and although there may not be any exact statute that provides for that, there is nothing in any statute that prohibits any such thing.

The CHAIRMAN. I would like to ask just one question, and will ask you to answer it as briefly as you can.

Mr. MORRISON. Surely.

The CHAIRMAN. Are you so well acquainted with the character of the population of Arizona that you can state as to the character of these citizens of Mexican extraction?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Is it true that they are a church-going, law-abiding, upright people, on the whole?

Mr. MORRISON. I believe that the Mexican people are; yes, sir.

The CHAIRMAN. The people of New Mexico of Spanish extraction?

Mr. MORRISON. I thought you said Arizona.

The CHAIRMAN. I meant to ask you as to New Mexico. Can you answer as to New Mexico?

Mr. MORRISON. I believe that the people of New Mexico are also law-abiding and a Christian people; yes, sir; and that if they come in with Arizona as one State, they will simply insist on their rights, that is all.

The CHAIRMAN. I have in mind the State of Louisiana, for instance, which has a large French population; I have in mind, perhaps, the State of New York, with an original population largely of Dutch; I have in mind the population of the State of Maine, where there are a great many French, in the northern part, as I understand, and I have in mind the population of many of our large cities, where, I learn from the last national census, there is a large percentage of foreign population that does not speak English at all; and still there is no difficulty, so far as the Chair is informed, in relation to the administration of justice. What have you to say on that, briefly?

Mr. MORRISON. I have no doubt that is true, because everything is conducted in English in the courts.

The CHAIRMAN. Precisely. That being true, then, the State circuit courts of this State would simply accommodate themselves to local conditions, and very properly, would they not, and so you in Arizona would not be disturbed in the administration of your law?

Mr. MORRISON. Under the law as given to us by the majority from New Mexico, in the Constitution and in the State laws with reference to our courts the courts are bound by those statutory provisions.

The CHAIRMAN. Do you suppose that your fellow-American citizens in the State of New Mexico, extracted the same as you are from the various States of the Union, would put upon you intentionally any impropriety, you being joined with them in a great State?

Mr. MORRISON. I believe this: That political influences—the desire for political advancement—would cause the Mexicans in New Mexico to stand in with their fellow-citizens in Arizona, and with the politicians, and pass laws that would give the right to our Mexican

people in New Mexico and Arizona to sit upon juries when they did not understand the English language.

The CHAIRMAN. Suppose a provision should be inserted in the enabling act covering your contention in relation to the question of English speaking.

Mr. MORRISON. That would be merely one remedy, that is all; but that would help us out. I think that would help us out to a great extent, but that is only one of the reasons we are urging why we should not be amalgamated with New Mexico, and I leave it to the sense of justice—

Mr. HIGGINS. If that provision should go into the enabling act, would not that remove all the objections you have raised in your argument to it?

Mr. MORRISON. No. I submit it to you as a constitutional lawyer, sir, whether when we come in as a State under that enabling act there is anything in the Constitution of the United States or the decisions of the Supreme Court of the United States that will prevent those provisions in the enabling act from being changed?

Mr. COLE. In the State of Ohio there is no provision against any man who can not read or write or understand the English language serving as a juror. I acted as clerk in my county for two years. We have a German population of about 2,000, a great many of them not being able to understand or speak the English language. There is no law against their serving on juries, as I have said, but yet when one of those Germans comes in they will always say, "Kannst du Englisch sprechen?" And if he replies "Nein," that settles it; he gets off the jury. It will be the same way in Arizona exactly. When one of those Mexicans came up he would be asked if he could speak English, and if he said "No," that would settle it.

Mr. MARCUS SMITH. But down there you have eight or ten counties, by the roster of the legislature, where the officers of New Mexico are all Spanish-speaking men. I have the list upstairs, and it shows that there was not a single officer in eight or nine counties—eight counties anyway—that was not of Mexican extraction, except the surveyor in the county.

The CHAIRMAN. That is local self-government, is it not, Mr. Smith?

Mr. SMITH. It seems to me we are going into an argument that can do no good. We are very anxious to lay the facts before you, and the fact is that there are great counties there in New Mexico where the people do not speak the English language—a great majority of them do not speak English.

Mr. COLE. In the State of Arizona?

Mr. SMITH. In the State of New Mexico.

Mr. COLE. That is a different proposition.

Mr. SMITH. When we are all one State we are as large a part of New Mexico as they are a part of Arizona, and then the general legislature has to legislate for all.

Mr. COLE. It will not affect your courts in Arizona.

Mr. SMITH. They have a system of district courts now in New Mexico that will pervade the whole State; that is our fear; but I do not want to be forced into an argument. I simply want to state that fact.

Mr. BELL. Let us take a hypothetical case. Suppose that in the State of Ohio, to which the gentleman referred, a majority of the people were of German descent and had power to control the legis-

lature of Ohio. Do you believe that the condition of affairs to which he referred would still prevail?

Mr. MORRISON. Certainly not, and the gentleman would not say so.

All I have to say is this, and then I will stop. I only wish that every man on this committee had been out in Arizona for some time, and had been through New Mexico and Arizona and seen the conditions out there and mingled with the people, and I know everyone of you would be of the opinion that I hold, that the people there do not want joint statehood. I know that because, with the exception of one or two members of Congress, those who have been out there have come back friends to our position, and are here advocating our cause in the interests of Arizona and a separate statehood for Arizona.

Mr. MOON. Your contention is, if I understand you correctly, that notwithstanding any provisions that may be made in this bill here, when the new State of New Mexico is formed, that being a sovereignty, it can overturn this at any time and make any sort of a law it sees fit, that is not in conflict with the Constitution of the United States.

Mr. MORRISON. Yes.

Mr. MOON. That is true as a legal proposition, I think; and you further insist, as I understand you, that the Mexican population being dominant and controlling, that they, if they saw proper, could make the Spanish language the court language of the whole of the State?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. The people who speak the Spanish language, however, would not be the dominant people, would they?

Mr. MORRISON. I think they would, associated with the people in New Mexico who control politics there, and who are Americans and who would stand in with them to protect the interests of the Mexican-speaking people.

The CHAIRMAN. Have you any people in Arizona who control politics?

Mr. MORRISON. I am speaking of New Mexico.

The CHAIRMAN. Judge Moon has put this kind of a question to you, which possibly might be misunderstood, and I know the Judge would not want to be misunderstood——

Mr. MOON. I will take care of it——

The CHAIRMAN (continuing). That there might possibly be a population in this joint State of people of Spanish extraction who would have power enough to enforce upon the population of the proposed State of New Mexico laws framed entirely in the interest of about 70,000 of Spanish extraction out of a population of 195,000, plus 123,000 (by the census) with all that you gentlemen claim have been added since that time.

Mr. MORRISON. I say in answer to that question that the majority of the people of New Mexico are Mexicans, and that there is a population also of Mexicans in Arizona.

The CHAIRMAN. You say the majority of the people of New Mexico are Mexicans?

Mr. MORRISON. Yes, sir.

Mr. MOON. We have heard the people from New Mexico here say that seven-tenths of them are Mexicans. I made a statement about

that the other day and I saw Mr. Andrews yesterday in the presence of Mr. Smith, and he stated that there was no question about the fact that seven-tenths of that population is Mexican. He is a Delegate in Congress from that Territory.

Mr. LLOYD. May I ask a question, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. LLOYD. I infer from the questions that you are asking that you dispute the proposition that in New Mexico to-day the courts are conducted in both Spanish and English?

The CHAIRMAN. No; we have not disputed that there are some such courts.

Mr. MOON. I want to proceed with the questions I was asking, and then I will quit.

Again, I understand you to insist that even if the Spanish language were not in force as the court language, as a matter of practice, they use the Spanish language in the Territory of New Mexico now; and, as a matter of practice in the courts, even in the absence of a statute, that if a Mexican who can not speak the English language is chosen as a jurymen under the conditions that prevail you are prevented from challenging him for cause, and have to make a peremptory challenge in order to prevent him from serving?

Mr. MORRISON. Yes, sir.

Mr. MOON. And therefore you affect the rights of every American defendant in the courts of New Mexico?

Mr. MORRISON. Yes, sir.

Mr. MOON. You have in the Territory of New Mexico the civil law in vogue, as I understand?

Mr. MORRISON. Yes.

Mr. MOON. In the Territory of Arizona it is the common law?

Mr. MORRISON. Yes.

Mr. MOON. They are totally unlike in their application to the rules of property and persons?

Mr. MORRISON. Yes, sir; to a great extent.

Mr. MOON. What is your opinion as to how the rights of property and individuals might be affected by a merger of the two Territories, by a legislature dominated by the Spanish-speaking people?

Mr. MORRISON. The result would be that they would be unfamiliar with the procedure and the practice; that we would be compelled to take ours from the A B C of the statutes of New Mexico, which would, to a large extent, be incorporated into the statutes of the new State, and that the lawyers, judges, and all connected with the courts would be compelled to go back to school to understand that system.

Mr. MOON. You desire the common-law procedure to which the Americans of the Territory have been used?

Mr. MORRISON. Yes, sir.

Mr. MOON. And you think to adopt the civil procedure would endanger the rights of property and of persons?

Mr. MORRISON. That is my judgment; yes, sir.

The CHAIRMAN. Mr. Moon's questions have suggested a line of inquiry to me. First, they have a code in New Mexico?

Mr. MORRISON. They have a code; yes.

The CHAIRMAN. You have a code in Arizona, have you not?

Mr. MORRISON. Yes; and we derive our code from different sources.

The CHAIRMAN. Whence do you derive your code?

Mr. MORRISON. We derive ours from the State of Texas, for instance; we derive it from California; we derive it from New York; we derive it from Illinois.

The CHAIRMAN. Now, I desire to say in response to that, that the code of New Mexico is like the code of California and New York and Texas. Next, when you put your two Territories together in a State, if it should be done, your State would then adopt, would it not, a code of legal procedure adapted to your needs?

Mr. MORRISON. Whatever the people of New Mexico desired would be put on the statute books, because they would have a majority in the legislature.

The CHAIRMAN. The desires of the American people of Arizona and New Mexico in respect to a proper code would be incorporated in a law?

Mr. MORRISON. No, sir; no, sir.

Mr. MOON. Unless the Republicans in that new State all got religion.

The CHAIRMAN. Well, the Democrats of Arizona would have to get religion, too.

Mr. LLOYD. Mr. Chairman, I simply wish to say that I see a temper manifested here now that I have never seen manifested in this committee before.

The CHAIRMAN. A temper to ascertain the truth.

Mr. LLOYD. That is all I have to say.

Mr. BEALL. On this question as to who would control the legislature of the new State, suppose that in New Mexico only 51 per cent of the people were of Spanish descent, and suppose in Arizona all of them were of American descent. In your constitutional convention 66 members would be from New Mexico and 44, I believe, from Arizona. About the same proportion would obtain, I presume, in the legislature. Now, taking that hypothetical case, 51 per cent of people in New Mexico of Spanish descent, all of the people of Arizona of American descent, and with that statement of the case, could not 61 per cent in Mexico, by electing representatives to the national legislature, and the 66 members to the constitutional convention, could not they absolutely dominate the constitutional convention and the legislature, even although under that hypothetical case three-fourths of the people of the two Territories might be Americans?

Mr. MORRISON. There is no question about it, and that is the point I have made.

The CHAIRMAN. In other words, this is a Government by majority, is it not?

Mr. MORRISON. Yes, sir. If the 66 in New Mexico are elected by the Mexican and Spanish population, demanding that their rights shall be protected, and that where the people do not understand and speak the English language that they shall have the right to sit upon juries—as they would have the right in New Mexico, being in the majority—those 66 men would stand for what they were instructed to do, and protect the interests of the people in New Mexico who do not speak or understand the English language.

The CHAIRMAN. Do you suppose the people in New Mexico of American extraction—if you wish to so designate it—would be apt to join in impropriety, as you would consider it, with the people of New Mexico—that is, the Spanish-speaking people of New Mexico, as

against the people of their own blood derived from various parts of the Union?

Mr. MORRISON. So far as the Americans are concerned, they would be all right; but the majority in New Mexico, being of Mexican extraction and knowing that this very question that we are discussing to-day would come up before the constitutional convention, would unite and elect 66 delegates to the constitutional convention to continue the rights that they have to-day under a Territorial form of government.

Mr. SMITH. I want to advise Mr. Morrison, in the defense of these other gentlemen who are here, to stop arguing the question. The chairman promised me an orderly hearing this afternoon, and now it is getting into an argument again.

The CHAIRMAN. I desire in all good temper—

Mr. SMITH. I am not mad.

The CHAIRMAN. Nor am I.

Mr. SMITH. You and I do not have any feeling about these matters. If there had not been any argument—if Mr. Morrison had been allowed to go ahead and make his statement and then submitted to a cross-examination, we would have been through.

The CHAIRMAN. The understanding of yesterday was to this effect, if I remember rightly, that the gentlemen wishing to be heard were to be heard, that notes were to be made, and members of the committee were to interrogate the speaker on matters on which they needed illumination.

Mr. SMITH. Yes; that was the agreement.

The CHAIRMAN. Now, I wish to say to you that I have been proceeding absolutely in good faith—

Mr. SMITH. I think you have.

The CHAIRMAN. I do not need to make any apology any more than you need to make an apology. The gentleman has raised a question of deep interest. I am seriously interested in this question, and it is not so much, perhaps, a question of the number of people who address this committee as it is the amount of information which the committee is able to derive; it is not a question of oratory; it is not a question of speeches; but it is a question of interesting facts to be presented to this committee, and we are here, every member of us, to try to learn matters of interest and importance in relation to this proposed legislation.

Mr. SMITH. My criticism went to the point, Mr. Chairman, of the fact that we have gone into only one phase of the question, consuming four-fifths of the time, when there are twenty-five phases that we want to consider here.

The CHAIRMAN. Permit me to call attention to the fact that it is unfortunate that these gentlemen arrive at the eleventh hour, so to speak, when other matters are under consideration here which are of great importance, and also call attention to the fact that this matter of the admission of these Territories has been under consideration for at least two years in Congress.

Mr. MOON. It was unnecessary to present these arguments two years ago, because this committee stood solidly for statehood for Arizona—separate statehood. This committee has changed its front entirely.

The CHAIRMAN. I do not know as to that.

Mr. LLOYD. The chairman of this committee, Mr. Brick, and Mr. Powers were members of this committee when this committee reported favorably that bill, and the bill passed the House and went to the Senate.

The CHAIRMAN. We will see as to that. I never voted for a bill in committee proposing to make three or four States.

Mr. MOON. No; he did not vote for it.

The CHAIRMAN. I did not attend a committee meeting in relation to that; I never voted for that question on the floor of the House, nor on that question.

Mr. LLOYD. That may be true, but if you did not you failed to do your duty——

The CHAIRMAN. I do not care about the gentleman from Missouri instructing me as to my duty.

Mr. LLOYD. The record will show about that.

The CHAIRMAN. I was not there——

Mr. MOON. You were right, then; this is a matter of what you are doing now.

The CHAIRMAN. I was called out of the city to attend a Congressional convention in the fourth district of Michigan, at which convention I was nominated for Congress. I think for the third or fourth time, and I am sure that would justify my absence from this city, even in the opinion of my genial friend from Missouri.

Mr. LLOYD. There were three members of the present committee who were members of this committee in the Fifty-seventh Congress, as I have said, and they made a report on that bill.

The CHAIRMAN. I did not join in it.

Mr. LLOYD. You did not dissent.

The CHAIRMAN. I was a member of the Insular Affairs Committee, and was very busy there, and I never attended a meeting of this committee on that question.

Mr. HIGGINS. Is all this material now, when these gentlemen from Arizona are here and wanting to be heard?

Mr. LLOYD. No, sir.

Mr. HIGGINS. Then I move we proceed.

Mr. POWERS. I wish to say one word. It is true that I was a member of this committee in that Congress, as the gentleman from Missouri has suggested, and it is true that this committee reported a bill for three States. It is true that in conversation I said I did not think two States should be made, because I did not think they had the population or future prospects; but the majority of the committee, and the majority of the Republicans, I think, with Mr. Knox at their head, thought differently. My views were very well known to Mr. Henderson, the Speaker, and he came to me and asked me to make a dissenting report, and he told me if I would do so he would see that I controlled the time of the opposition. I replied to the Speaker: "I am a new man here; this is going through, and I do not care about fighting a losing game; my committee has voted for this, and I am going to stand by the majority of the committee." I have often done that. That is my connection with the matter.

The CHAIRMAN. Do you desire to incorporate these various statements in the record?

Mr. MOON. I simply want to testify that that was his position about it, but he became very liberal and kindly toward the proposition before he was through with it and, in fact, was the finest kind of an advocate of single statehood.

Mr. POWERS. I did not open my mouth in reference to it one way or the other.

Mr. CAPRON. Do you not think we have gotten more light since that time, the same as we have on free silver and some other things?

Mr. MOON. I think the gentlemen voted according to their own minds more then, and are now voting more on the leadership of the House of Representatives.

Mr. CAPRON. Perhaps the latter motive is better than the first.

Mr. MOON. That is the point Mr. Hamilton is discussing here, because we know ourselves that a majority of the majority of the party in the House of Representatives controls all this legislation, practically a little over one-third of the House of Representatives rules two-thirds of the House, and on the same sort of policy in New Mexico those "greasers" are going to rule these Americans.

The CHAIRMAN. Might I submit, in very good temper, an inquiry as to whether the gentleman from Tennessee is influenced by the dictates of his own party policy?

Mr. MOON. Certainly.

The CHAIRMAN. He follows them?

Mr. MOON. Certainly. I am speaking of it as a habit of us all; I am not reflecting on your party, Mr. Chairman.

Mr. HEARD. Mr. Chairman, I would like to ask if we may have the privilege of continuing our hearing? We have a number of gentlemen who would like to be heard, if it is the pleasure of the committee to hear them.

The CHAIRMAN. I desire to ask whether it will be possible to sit this afternoon?

Mr. HEARD. I would like to ask that before taking a recess or adjourning, as a matter of privilege, we hear from Mr. N. O. Murphy, ex-governor of Arizona. He would like to be heard a few moments before you adjourn this morning.

The CHAIRMAN. Very well, we will hear him.

STATEMENT OF HON. N. O. MURPHY.

Mr. MURPHY. Mr. Chairman and gentlemen, I shall be very brief. I do not intend to go into an argument upon the merits or demerits of Arizona's right to independent statehood. I am not seeking that right; nor am I going to attack the people of New Mexico in this case, nor make any argument upon that feature of it; but I wish to say this, and I consider it a great privilege accorded me by this committee. The public press has been full of insinuations, at least, and some have been more than insinuations, that a corrupt lobby, maintained by the railroads, was here in Washington to defeat this proposition for joint statehood. I wish to say that before the arrival of this delegation which is now present there were in Washington Mr. Marcus Smith, a Delegate in Congress, who had a right to be here in the interest of Arizona; myself—I live in Washington during the winter, and I have been a resident of Arizona for twenty-two years—

and Mr. B. A. Fowler, a gentleman from Arizona, who has business here, and, occasionally, my brother, Mr. Frank Murphy. I hereby denounce as false, libelous, and slanderous any insinuation of the kind I have referred to, no matter from what source, no matter how high up they come from, and I will challenge any man to produce a single bit of evidence that one dollar has been corruptly used or that anybody has been approached in a dishonorable manner in that connection in any way; and if any man of reputation will put his name to a statement of that kind I will guarantee to send him to the penitentiary.

These people have come here and they are able to protect themselves, and they have been brought here by nobody; they have come here at their own expense; they can defend themselves. They are, in intelligence, integrity, and honor the peers of any gentlemen present, and as to ability they will be found qualified to defend themselves.

I hold it is utterly futile to discuss this question here. I have been before the Committee on Territories of every Congress for ten years, and this question has been thrashed out over and over again and three bills have passed, and I feel that the verdict is sealed and that no amount of argument can affect the result. That is the way I feel about it.

But when it comes to this question of personal reflection and reputation let us take the other side. It is well known to you all that when this Congress met the leaders said there would be no public-building bill passed. I am taking the published report, and they say an old member of the House——

The CHAIRMAN. The Chair would like to caution the gentleman that in addressing the committee nothing in the nature of animadversion upon either branch of Congress would be in order.

Mr. MURPHY. I will put it in another way. That it would be just as fair to say that if those who are advocating a public-building bill succeed and the bill goes through, the inference will be that the people who do it have been putting their hands into the Treasury to buy votes on this statehood question. The inference would be just as fair. I am speaking from personal interest and the interest of the friends of justice, no matter what is done here.

If this outrage goes through the House it will be overwhelmingly defeated in the Senate, and if by any miracle it goes through the Senate it will be defeated in Arizona, and as the public becomes better informed they will applaud our people for their determined resistance.

The CHAIRMAN. Certainly this committee is glad to have the gentleman make any statement he desires as to his possible relation to any newspaper statements which have been going the rounds. I think I could say that no member of this committee has ever directly or indirectly been a party to any such suggestion. I desire to say that every such slanderous rumor has two aspects. It has reference, first, to the honorable representatives of the people of Arizona, and I desire to say, so far as I am concerned, that I have never seen a finer body of men than I have seen through the Territory of Arizona; and, next, I desire to say that it reflects upon the honor of every member of Congress, no matter what party he belongs to, and in that connection I want to say that in my service here I have never seen a

member of Congress who I believe was influenced dishonestly in his vote.

Mr. SMITH. I would like to say in this connection that I get a reputation, perhaps, of being offensive, by reason of my extreme earnestness. That is an infirmity on my part; I can not speak any other way except in an earnest way. As Governor Murphy has told you, there was not a soul here in Washington except Mr. Murphy and his brother and Mr. Fowler, my opponent (who came very near beating me), and this report that went out, therefore, came from the newspapers. I want to say—and I do not need to say it for myself, but I want to say it for this committee, so that Congress may know, and so that any member that is asked about it will be informed—that there is not a man here who has not come on at his own expense, so far as I know; also, there is not a man here capable of an indecent act, and certainly so far as Mr. Oakes Murphy and Mr. Frank Murphy are concerned, representing as they do the Republican and Democratic sentiments, you could not get either one of them to attempt to use money for this or any other purpose in this connection. I intended to rise on the floor of the House and explain this as a matter of personal privilege yesterday when I saw this, but I was convinced that it would be better not to do so. I see by the papers that I made an apology. I care nothing for that. But I wish it understood now that we can send to the penitentiary any man that will sign a statement and say that a single man from Arizona, or representing any interest there, has put up a dollar or attempted to put up a dollar or used anything else of value in fighting against what we consider the most awful outrage that can be proposed.

(Thereupon, at 12 o'clock, the committee took a recess until 2 p. m.)

AFTER RECESS.

The committee reassembled at the expiration of the recess.

Mr. HEARD. I will state that the next speaker for Arizona will be a gentleman who is conversant with our cattle industry; a gentleman who has been chairman of the Arizona Live Stock Board for many years, and who is also a member for Arizona on the national Republican committee—Mr. W. S. Sturgis.

STATEMENT OF MR. W. S. STURGIS, OF ARIZONA.

Mr. STURGIS. Mr. Chairman and gentlemen, I have lived in Arizona for twenty-six years. For a long time the cattle industry, on account of the rustlers and cattle thieves, was at a very low ebb. About four years ago we passed a law by which we were able to get at these cattle rustlers and thieves.

Of course Arizona is not like a great many States in the matter of the number of cattle, but I understood that some one has made the remark that Arizona did not have any cattle, and I want to say that she has 750,000 head. The census in 1900, I believe, gives 607,000. That was six years ago. From Arizona to the District of Columbia we cattlemen who were on the train coming here naturally watched the different cattle along the track, and no place from there here did we see any cattle that equaled those of Arizona.

I have been from one end of the Territory of Arizona to the other. I know the cattlemen there. They are as free and independent a race of men as ever lived. They live in the mountains and the valleys, and they breathe a free air. I will not go into what they did in their convention, but every man I have met, every man I know, owner and cowboy, is against joint statehood to a finish. As one man expressed it: We would rather see it a Territory to all eternity than joined to New Mexico.

I do not desire to take up much of your time, but as a member of the national committee I want to say that that was one of the principal issues on which I was named. The delegates were instructed unanimously by the Republican convention of Arizona to name me as their delegate, and I think I can speak for the Republicans of Arizona.

Mr. WEBB. You were a delegate where?

Mr. STURGIS. A member of the national Republican committee. I am not speaking of being a delegate at all. I spoke of our delegates to the national Republican convention. I do not know that I have anything further to say.

Mr. LLOYD. Is there any division in your Territory on the question in the Republican party?

Mr. STURGIS. Not that I know of. We are all against it to a finish. There are twenty States in the Union that have less cattle than we have.

Mr. POWERS. Yes; but if you should take the value of the cattle in New York and the value of the same number in your State there would be a great difference, would there not?

Mr. STURGIS. Well, you know there is a beef trust, and they only pay us about 2 cents, and we have to take what we can get. So far as the value of the cattle is concerned, I believe you pay 25 cents a pound for beef here.

Mr. POWERS. I pay 35 cents at home often, and am glad to get it at that.

Mr. STURGIS. I do not intend to take up your time, because there are many others here who would like to be heard. I do want to say as to the sanitary regulations of Arizona that the head of the Animal Industry Bureau in Washington states that we have the best cattle laws and sanitary regulations of any State or Territory in the United States. That is what Doctor Melville says. It is a rather sweeping statement, but that is what he has said.

The CHAIRMAN. The climate is peculiarly favorable to sanitary regulation, is it not?

Mr. STURGIS. Oh, I don't know about that. The State of Texas, I think, has a great many ticks, and a quarantine line through the State. I don't think New Mexico has a quarantine line now; I think she is free.

The CHAIRMAN. I used to read about jerked beef; that the climate is so good out there that beef will preserve itself in the open air. So I suggested that your climate might be so good as to be peculiarly favorable to your sanitary regulations.

Mr. STURGIS. No; I believe in a warm climate it generally works the other way.

Mr. POWERS. I think you will find that in San Antonio, Tex., they kill beef and hang it up and it cures itself in the open air.

Mr. KLEPPER. Are the cattlemen of Arizona opposed to the merger of the two Territories in one State for the same reasons assigned by previous speakers?

Mr. STURGIS. They are opposed to it on all grounds. They are almost all of them Americans. I only know one large Mexican owner.

Mr. KLEPPER. Do they hold it would be detrimental to their interests as cattlemen to be merged with New Mexico?

Mr. STURGIS. Yes, sir; by the Arizona Cattle Growers' Association in meeting assembled at Phoenix, Ariz., on the 29th day December, 1905. These are the cattlemen from Arizona—from all over the Territory.

Mr. Sturgis read the following resolution:

Resolved by the Arizona Cattle Growers' Association in meeting assembled at Phoenix, Ariz., on the 29th day of December, 1905:

First. That we are earnestly opposed to the jointure of Arizona and New Mexico as one State, as is proposed by the bill now pending in the United States Congress.

Second. That we are as earnestly opposed to the jointure of Arizona and New Mexico under any proposition.

Third. That we deem the bills now pending in Congress in the light of an attempt to force the people of Arizona—who hitherto have had for nearly half a century, and for a period covering all its growth and development, a separate political autonomy—to be subjected to the domination of a more numerous people of another country. The reasons for our opposition to the proposed jointure are numerous and, to us, controlling.

That the proposed union is distasteful to us, that it would delay and hamper our further progress, that it would result in confusion of laws and consequent disastrous disturbance of business are among the many reasons completely obvious to us, who, by reason of residence, are familiar with conditions. It may be conceded that a Territorial form of government—in practice, at least—affords some just grounds to our people for complaint; but these evils are purely temporary, and with the lapse of time will be remedied. But we submit that if, as we sincerely believe would be the result, the proposed union would prove disastrous to and destructive of the future prosperity of our Territory to a very considerable extent, the great evil would be permanent and irremediable.

We can and will submit to the evils of continued Territorial government rather than assume those incomparably greater evils which we fear will follow jointure.

Whether our fears are justified or not, they exist. We are American citizens none the less than are the citizens of the States, and we claim that we have the right as such to dissent from the proposal of a State government to the constitution and establishment of which we do not consent.

We can not resist the declaration that the proposed bills are in violation of the first principles of our American institutions—that the just powers of government are derived from the consent of the governed.

The proposition is un-American. We accordingly respectfully but earnestly protest against it.

Passed unanimously December 29, 1905.

[SEAL.]

ARIZONA CATTLE GROWERS' ASSOCIATION.
JAS. E. BARK, President.

The CHAIRMAN. The only specification of possible injury growing out of the joining of New Mexico and Arizona in those resolutions is the statement that it would result in confusion of laws and consequently injury to business, is it not?

Mr. STURGIS. In those resolutions? Yes, sir. I do not know what their laws in New Mexico are, but I know they want to revise them and they have sent over to us for our sanitary and cattle laws.

The CHAIRMAN. And have they used them?

Mr. STURGIS. They have sent to us for them.

The CHAIRMAN. That shows a fraternal feeling on the part of the cattlemen in New Mexico, then.

Mr. STURGIS. Yes; although I believe everything in New Mexico is sheep growing.

The CHAIRMAN. And your laws in reference to cattle might be used in reference to sheep?

Mr. STURGIS. No; we have nothing to do with sheep. We raise cattle in Arizona.

STATEMENT OF GEN. A. J. SAMPSON, FORMER MINISTER TO ECUADOR.

Mr. SAMPSON. Mr. Chairman and gentlemen of the committee, I found that the only possible way for me to bring my remarks within the limit of ten minutes would be by writing them. Where there are so many reasons to present against this proposed joint statehood it would take hours of time to present them all.

The CHAIRMAN. First, let me ask you what your occupation is?

Mr. SAMPSON. I am a rancher now.

Mr. LLOYD. Cattle rancher?

Mr. SAMPSON. No; I have a little farm of 40 acres, and it will produce more than any 160 acres that I know of in my native State of Ohio. I am situated in the Salt River Valley.

Mr. LLOYD. Irrigated land?

Mr. SAMPSON. Yes, sir.

I assume at the outset that you are here to listen to facts and arguments that we may present against joining Arizona with New Mexico in statehood; that it will not be your purpose as lawyers to try to convict us or our Territory, but that you are here as a committee anxious to hear the evidence we may present in favor of our cause. After we have done this, then, if you wish, call anyone who may be able to contradict our statements or question us in regard to the same if you wish. We are here representing the farmers, the cattlemen, sheep men, miners, fruit growers, sugar beets, the law, commerce, the ministry, our schools, our homes, and we beg of you a patient, respectful hearing.

To the man who says we are here as a corrupt lobby in the interests of the railroads, the mine owners, the lumber mills, we would say, as was said on a memorable occasion, "Lord Angus, thou hast lied."

My interest in Arizona is my small ranch, my farm, and I speak for it. We are not here asking statehood, but asking to be let alone—a novel position, I admit. Permit me to say, however, judged by the standard of the admission of the great States of Ohio and Illinois and more than twenty of the States of the Union, we are entitled to it; but we are not asking it. This is the first time in the history of the nation when a delegation of the citizens of a Territory has appeared before the National Congress to protest against being brought into the sisterhood of States, and it is the first time when the National Congress has attempted to force a Territory into Statehood against her will. If this be Republicanism, if it be Democracy, if it be Americanism, then our forefathers and all the great men of the United States (up to the present Congress) failed to comprehend it.

For more than eight years it has been my privilege to watch from a foreign standpoint the marvelous growth and prosperity of the

Territory of Arizona, and as Old Glory floated over my legation, waving in the Andean breezes, I would have rejoiced to see written across the face of one of those stars the talismanic word, "Arizona." But we are not asking this high honor. We are here to tell you why we think it would be unwise, unjust, un-American, to force us into a statehood such as is proposed. You, Mr. Chairman, and Governor Powers are lawyers, I infer from the rigidity of your cross-examination yesterday—

The CHAIRMAN. Nearly all of the committee are lawyers; we do not want to claim any distinction.

Mr. SAMPSON. As you will have the last say at it, be patient with me for ten minutes while I tell you some of the reasons why we are here protesting.

First, you, Mr. Chairman, of Michigan, have occasion to attend the superior court at the State capital of your State. Now, if your State capital were located at Albany, N. Y., you could get to it quicker and at less expense than our lawyers could get from some parts of Arizona to Santa Fe. Please remember the Bible teaching. "Do unto others as you would others should do unto you."

Second. The great differences in our people and industries have been presented, and I pass over them.

Third. New Mexico has more than two voters to one voter in Arizona, while our wealth is \$15,000,000 more than hers: so that in joint statehood we would pay the fiddler while they would do the dancing.

Fourth. The receipts of the United States post-offices in Arizona are more than double those of New Mexico with double our population. Surely no comment is necessary.

Fifth. Some of your committee have asked, "What have you out there, anyhow?" First, let me read an extract from the January number of the Out West Magazine, printed in California. I do not vouch for all the statements in this article, for I have not had the time to verify them. I have just come across this article. It is for you to determine whether all of them are true or not. I simply read from the Out West Magazine:

At the last census the per capita value of total farm products was higher in Arizona than in Ohio, was double the New York, and four times the Massachusetts figure. The increase in value of farm products and of all farms in the whole Union from 1890 to 1900 was only 28 and 92 per cent, respectively: in Arizona it was 160 per cent and 470 per cent, respectively. Arizona has more sheep than all New England. There are 20 States of the Union that have not as many cattle. In per capita value of manufactured products at the last census Arizona is far ahead of Indiana. In lumber the two Territories have about one-third more acreage than all six of the New England States together. Not one State in the Union comes anywhere near Arizona in per cent of increase in population in the decade from 1890 to 1900, and no State in the East has half its percentage. Indiana has about one-sixth of its percentage.

Kansas, Ohio, Illinois, Mississippi, Tennessee, Florida, Kentucky, California, Arkansas, Oregon, Vermont, Georgia, Rhode Island, Missouri, Indiana, and Alabama had smaller populations when they were admitted as States than Arizona had in 1900.

In the last ten years up to 1900 Arizona gained more people than Kansas and Delaware put together. There are ten States in the Union whose actual gain in population was not as great, and in the five years since Arizona has been going ahead faster than any of them.

I don't know whether Mr. Morrison stated it, but Arizona has the largest virgin tract of timber in the United States. Gentlemen, we

have a territory larger than any State in the Union except Texas, California, and Montana, and capable of sustaining a population of millions of pure Americans, of Americans who speak the English language, Americans such as responded to the call of President McKinley in the Spanish-American war. We sent one of the first companies recruited for that war. With it went Capt. Bucky O'Neil, as noble a man, as brave a soldier as ever drew a sword, whose lifeblood was spilled at San Juan Hill. There sits his brother Eugene, pleading for justice at your hands, as Bucky would be, with eloquence such as he only could command, if he had not given his life a sacrifice upon his country's altar.

But to proceed. We are one of the first of all the cattle-growing States, having 750,000, and one of the first in sheep-growing. Our oranges brought double the best oranges from California or Florida in the New York market during the holiday week just before we left for this city. Our copper output last year was only surpassed by one State, and in another year we fully and reasonably expect to be first. I lived in Colorado at the time of and four years prior to her admission as a State, when her mining prospects were nowhere equal to those of Arizona to-day. In agriculture, perhaps you will be surprised to learn that last year our agricultural output per capita was more than the grand old State of Ohio. We can grow 40 to 60 bushels of wheat to the acre and six crops of alfalfa hay per year. In the Salt River Valley, 25 miles wide and 100 miles long, where is located the capital city, Phoenix, is more cultivatable land than in the States of Delaware and Rhode Island combined. There are various other valleys rich in agriculture.

As you have heard, our schools are the first in the United States in the grade of their teachers, 70 per cent of whom are graduates of some reputable institution of learning. The highest in any State of the Union is 28 per cent, so that is 70 per cent against 28 per cent. I will not presume upon the intelligence of any member of this committee by assuming that he does not know that, although all the States may have a common school system, the standard in some of the States is 100 per cent higher than in others. I only say ours is one of the first.

In our churches we are as zealous Christian people as can be found anywhere—Protestants, Catholics, and Jews. All are opposed to joint statehood. The State teachers' association, the cattle growers' convention, the editorial convention, the miners' convention, the meeting of all the church denominations, the Territorial fair, when 4,000 arose as one man, all, all of these passed resolutions against joint statehood. In the name of all that is just and right, do not try to force us into this unnatural, unharmonious, unholy, and un-American wedlock. Our plea is for our Territory, for the best interests of the nation, for all of our industries, for our schools, for our homes, and for our loved ones. In the name of Heaven, let us alone: eliminate Arizona from the pending bill. It was the solemn judgment of Congress that made us a Territory, that Arizona and New Mexico were too large to be one Territory. What was then too large for one Territory is now too large for one State. And the language making us a Territory was a quasi assurance that we should in the course of time become a State.

Join us to New Mexico and you will have an area greater by 1,000 square miles than all New England, with New York, Pennsylvania, New Jersey, Ohio, and West Virginia thrown in. We have no objection to New Mexico becoming a State alone, no jealousies, no protest. But if, in your judgment, she is not rich enough, has not enough people to become a State alone, we do object to being made a complement to let her into the sisterhood of States.

No doubt you have seen the statement that since the vote of the last Congress in favor of joint statehood there has been an election of Members of Congress: that a large majority so elected are Republicans. Therefore the election was an indorsement of the position of the party on joint statehood. What kind of logic is that? The premises may be correct, but the conclusion is false. I submit that the question of joint statehood was never once mentioned in a single Congressional district in any State in the Union. Only in New Mexico was it an issue, and the man who worked for it in the last Congress was turned down by the voters of New Mexico.

Bosh on such logic! You have heard much about "governed without the consent of the governed." We, of Arizona, have been so governed for more than fifty years, and our plea is to let us so remain: that is, we prefer to continue to be governed by the National Government from Washington instead of by a State government from Santa Fe.

In your hands, gentlemen, we leave the fate of Arizona, for the present, feeling convinced that after you have weighed well the facts you will be fully convinced that justice, right, and true Americanism will say our petition ought to be granted. We hope and pray that this conviction may be stronger than party discipline.

Mr. POWERS. I can see a good deal of force in some portions of the argument you have presented, especially that portion which asserts that Arizona has a much larger wealth per capita than New Mexico, and that therefore it will change the basis of taxation; but there are one or two propositions you advance which I do not see any force in, and I would like to call attention to some of them.

Mr. SAMPSON. Yes, sir.

Mr. POWERS. One is the going to the capitol at Santa Fe to attend the terms of the supreme court of your State when it meets as a law court. I do not know what may be the practice there; but in our State we hold the supreme court in three different places—in Portland, Bangor, and Augusta. There would be no possible objection, it seems to me, to your holding the terms of your supreme court in different parts of the new State, so as to accommodate the different sections.

Mr. SAMPSON. That may be the custom in your State, but in many others these sessions of the supreme court are held in the capital of the State only.

Mr. POWERS. You could certainly easily arrange that, you could provide for that in that way, and that would obviate that objection.

Mr. SAMPSON. I should have added at that same point that that objection—the great distance from various parts of the State to the capital of the State—would apply to the holding of State conventions and the legislature.

Mr. POWERS. Of course that is so. You would have a good ways to travel to get to your capital. There is another point you made which

I would like to refer to. You have referred to so large a State being represented only by two Senators. You speak of the immense territory that will be embraced within the State, and that you would only have two Senators to represent you. I suppose the Senators represent men and not territory.

Mr. SAMPSON. We supposed that Senators represented men in Illinois and Ohio when they did not have half the population that we have in Arizona.

Mr. POWERS. It may be true that they did not have half the population when they came into the Union that you have, but my idea about it is this: That Senators represent population rather than an extent of territory. Otherwise Arizona might want half a dozen Senators.

Mr. MOON. Senators represent the sovereign State.

Mr. POWERS. Yes.

Mr. SAMPSON. That was the intention of the Constitution.

Mr. POWERS. But in making sovereign States I think we should have an idea looking toward the population rather than toward territory.

Mr. MOON. Your little State up there has two Senators, New York has two Senators, and so on: those Senators represent the sovereignty of the States, not the population.

Mr. POWERS. That is true, but between the two I should think it would be correct to say that Senators represent population rather than territory.

Mr. SAMPSON. If you had lived at the time of the admission of 27 States with population less than ours, you would have voted against their admission?

Mr. POWERS. Not at all, sir. I only say this: I do not put as much stress on a large territory's claim to be represented in the Union with two Senators as I do to a large population.

Mr. SAMPSON. We have no doubt but what we will have millions of population in time: we do not think there is any question about it.

Mr. POWERS. There were one or two other questions I wanted to ask you, in order that I might get them clear, although they perhaps have nothing to do with this case. I noticed what you said about the agricultural and lumber industries and also what you said about the manufacturing industry in Arizona.

Mr. SAMPSON. I beg your pardon.

Mr. POWERS. Did you not read something about the lumbering and manufacturing and the agricultural industry?

Mr. SAMPSON. Yes; but I have not had time to verify all that I read. I think I stated that at the outset.

Mr. POWERS. Among other things, you claimed the largest lumber preserve in the country?

Mr. SAMPSON. Yes, sir.

Mr. POWERS. I see that your governor puts it at 6,000 square miles.

Mr. SAMPSON. Yes, sir; where is there a larger one?

Mr. POWERS. There are 18,000 square miles in the northern part of Maine, where I live. It is more than 125 miles across it to the Canadian border and more than 100 miles the other way.

Mr. SAMPSON. As to the Senators, you state you think the idea of the division of Senators should be on the basis of population?

Mr. POWERS. I think population to-day in admitting new States should be more of a consideration than extent of territory.

Mr. SAMPSON. Why do you not move to have New York given 20 Senators?

Mr. POWERS. They are already in the Union. I referred to the admission of new States. I think that should be considered. That is my view of it.

Mr. SAMPSON. Is your timber what is called virgin timber, uncut timber?

Mr. POWERS. I will make a statement which may satisfy you. I believe to-day that Washington produces more timber annually than we do. Michigan was a great timber State a while ago. We are producing about 800,000,000 feet a year. I think the production in your Territory, as given by your governor, is probably correct. We have one factory that uses 10,000,000 feet more than your governor says you produce in your whole Territory.

Mr. MOON. You are talking about the lumber that is cut out, and Mr. Sampson referred to virgin forests.

Mr. POWERS. And I think you are mistaken, Mr. Sampson, as to your manufactories.

Mr. SAMPSON. I would like to know whether that is the virgin forest that you refer to?

Mr. POWERS. It is, very largely.

Mr. SAMPSON. Very largely? Ours is entirely, because it is inaccessible at the present time. Of course we have not the amount of sawed timber now that we will when we have better railroad facilities.

Mr. POWERS. The estimate as to Maine is that Maine will continue to cut, or can cut 700,000,000 feet a year without decreasing her forest reserve. We have been the largest lumber-producing State for a number of years, and now the State of Washington is the greatest lumber-producing State.

Mr. MOON. What was the population of Maine when she was admitted into the Union?

Mr. POWERS. Well, what her population was relative to the United States I can not tell.

Mr. MOON. I am not talking about her relative population, but what was her actual population?

Mr. POWERS. I think it was 300,000 or 400,000.

Mr. MOON. No; it was less than this Territory.

Mr. POWERS. Well, it may be; the population of the whole United States was very much less than it is now. Maine is not a large State. It has about 700,000, according to the last census. I asked this question about the lumber in Arizona not so much because it had very much to do with this case, but in order to get at the facts. I know you have immense copper mines down there; I would not be surprised if they were equal or superior to those of any other State or Territory in the Union.

Mr. SAMPSON. I have just been handed this telegram from Prescott, Ariz., addressed to Hon. Robert E. Morrison:

At an annual banquet of the Yavapai Club the resolution passed unanimously reaffirming devotion to the principles you represent and commending your good work in Washington.

That is the sentiment of our entire people without regard to politics, religion, or anything else.

The CHAIRMAN. If no other member of the committee desires to submit any questions to the gentleman who has the floor, the Chair would like to make an inquiry.

Mr. SAMPSON. I will try to answer it, with pleasure.

The CHAIRMAN. How many people do you estimate that 40 acres of your irrigated land will support?

Mr. SAMPSON. Well, you can soon make the calculations; six crops of alfalfa—

The CHAIRMAN. No, General; pardon me; I would like you to make the calculation.

Mr. SAMPSON. Six crops; that will average 4 or 5 tons during the year, at \$12 a ton, would be \$48 an acre, and 40 times that would be \$1,920. I would like to see the average farmer in any Northern State that would be able to produce that.

The CHAIRMAN. What is the average size of your farms in your irrigated lands?

Mr. SAMPSON. They vary a great deal.

The CHAIRMAN. I ask you for the average.

Mr. SAMPSON. Well, I might say 40 acres. Mr. Fowler is better prepared to answer that. They might run a good deal more than that; possibly 160 acres.

Mr. FOWLER. Very much less than that.

Mr. SAMPSON. Yes; probably not more than half that; probably 80 acres.

The CHAIRMAN. That would be your average farm?

Mr. SAMPSON. Probably.

The CHAIRMAN. Now, on that average farm lives one family?

Mr. SAMPSON. Yes, sir.

The CHAIRMAN. What is your average family?

Mr. FOWLER. Say four or five people.

The CHAIRMAN. Now, General, for the purpose of ascertaining your possibilities, somewhere near, in the way of supporting a population, I desire to call your attention to the report of the Geological Survey, which says that Arizona has now under irrigation 247,252 acres, and estimates that if Federal irrigation shall prove successful and all your irrigable land shall be irrigated that the utmost that you can add to your present irrigated area would be 500,000 acres; which added to 247,252 acres would give you in all 747,252 acres. Now that divided, I suppose, by 80 and the 80 multiplied by 4 would give you somewhere near your possibilities of supporting a population?

Mr. SAMPSON. But have I not enumerated the cattle and the sheep and the mining and the hundred other industries that will more than exceed all the farming.

The CHAIRMAN. Well, very well—

Mr. SAMPSON. And then—

The CHAIRMAN. Wait a moment, General. It has been stated by one of the Departments here, and I think I can state it as a fact which I have derived from reading some of the reports, that cattle can not graze at a greater distance than 5 miles from a water supply. Is that true?

Mr. SAMPSON. That I am not posted about; that would be a question for Mr. Sturges.

The CHAIRMAN. Ask Mr. Sturges about that, then, if you please.

Mr. STURGES. That is very true, and I know lots of cattle that do not drink water at all.

The CHAIRMAN. What do they drink?

Mr. SAMPSON. They live on the cactus.

The CHAIRMAN. They can not live on the dew, because there is no dew there.

Mr. STURGES. No; but that is a fact; I have seen it myself. I doubted the question originally, but it is true.

The CHAIRMAN. It is recognized, then, that cattle can not graze and live beyond 5 miles from water?

Mr. STURGES. Yes; that is generally true.

The CHAIRMAN. Because it is estimated that the average animal can only travel 5 miles to water and back again and get sufficient food to live. I understand that Mr. Sturges agrees that that is true.

Mr. SAMPSON. I wish to correct one statement. After conference with other members of the delegation I am satisfied that my estimate of 80 acres for a family, or even 40 acres for a family, is too high; that a family can be sustained on 10 acres.

The CHAIRMAN. All right. Now, after you think it all over, tell us what you think is the average farm.

Mr. SAMPSON. And it is the same way in Japan. Japan, with her 48,000,000 agricultural acres, sustains a population of 48,000,000 people.

The CHAIRMAN. The condition of agriculture there is far different, because there they have cultivated every available inch, and it is not an arid country.

Mr. SAMPSON. Ten acres will support a family in Arizona on the irrigated lands.

The CHAIRMAN. But you should not make a comparison between Japan and a grazing country, should you?

Mr. SAMPSON. On the farming question Mr. Chandler is the man that is thoroughly posted, and I will not intrude on his time.

The CHAIRMAN. Just a moment. Your remarks have been very interesting—

Mr. POWERS. I want to submit a question to you, and I want you to take it in the spirit it is submitted. I listened to your remarks with great interest, and especially to your splendid peroration—and it was splendid. What I want to ask you is, Do you think that those institutions—if I may use the term institutions—or those practices which are supposed to militate against churches, which the churches are supposed to be at war with, are more wide open or any more numerous in New Mexico than they are in Arizona?

Mr. SAMPSON. Well, I don't know whether there is much difference. I have seen just as bad proceedings in New York and Chicago as in Arizona.

Mr. POWERS. Is that really an answer to my question?

Mr. SAMPSON. I do not know that they are more wide open in Arizona than in New York or Chicago.

Mr. POWERS. I have nothing to say about New York or Chicago—

Mr. SAMPSON. Or in some lumber camps in Michigan.

The CHAIRMAN. Oh, we haven't them in Michigan, General.

Mr. SAMPSON. In the lumber camps?

The CHAIRMAN. No.

Mr. SAMPSON. Doctor Chandler will give all the data as to farming.

The CHAIRMAN. I would like to ask you whether there have been meetings held in Arizona making public expression in favor of joint statehood?

Mr. SAMPSON. There was a meeting held at Tucson. They failed to introduce resolutions. I will state that there was a meeting held in Tucson by a very few men, and they did not dare introduce resolutions in favor of joint statehood, because the onlookers, who were there out of curiosity, would have voted down any such resolution; but there was a monster mass meeting of more than 2,000 which assembled later and protested against joint statehood.

The CHAIRMAN. The newspapers which the Chair has read stated that the immense mass meeting you refer to had about 600 people in it. Possibly that was from a prejudiced standpoint. I want to call attention to something which I have referred to before: About the 1st of December a meeting was held at Tucson which declared in favor of joint statehood, and nearly 400 men signed their names to a petition to that effect which was forwarded to the Senate committee. What do you say to that?

Mr. SAMPSON. With your permission, I will let somebody that knows about it answer that.

The CHAIRMAN. You mean to say that you are not informed on that?

Mr. SAMPSON. I am not informed in regard to that.

The CHAIRMAN. And what do you say in regard to these further statements that about the middle of December a mass meeting was held at Nogales which declared in favor of joint statehood?

Mr. SAMPSON. By your permission, I will refer that to the same gentleman.

The CHAIRMAN. What will you say in answer to a statement that in Pima County associations are being formed in favor of joint statehood, and that in every county in Arizona such associations are being formed? What would you say to that statement?

Mr. MOON. I wish to ask you a question before he testifies to that. Do I understand from the character of the examination that your mind is already made up on this subject and that you are just attempting to rebut the statements of witnesses?

The CHAIRMAN. I am free to say, Judge, that I desire to get full information, and that I have had statements in relation to those meetings which are somewhat contradictory to the statements made here, and I wish to have these people have an opportunity to say whether the facts presented to this committee are true or not. That is all; simply a desire on the part of the Chair, Judge Moon, to get such information as is possible under the conditions.

Mr. SAMPSON. There are other gentlemen who know all about those facts, and I will leave it to them.

Mr. HEARD. And I would suggest, gentlemen of the committee, that you make notes of the inquiries that you wish to propound, and when the proper persons, who are conversant with the matters you refer to, address the committee they will no doubt be glad to answer your questions.

The next gentleman who will address us from Arizona is Dr. A. J. Chandler, a gentleman who has lived in the Salt River Valley for

eighteen years. Doctor Chandler is one of the largest irrigation farmers there, and he thoroughly understands the situation. He will address you on the subject of irrigation and underground water development.

STATEMENT OF DR. A. J. CHANDLER, MESA, ARIZ.

Mr. CHANDLER. Mr. Chairman and gentlemen, it seems to me that the particular question which interests this committee at this time is what are the possibilities of Arizona, and as to whether we are capable, or whether the possibilities are such that we are capable of maintaining a large population in time to come? We think that we have resources at present sufficiently developed; we think we have a population of sufficient magnitude to warrant statehood. The gentlemen of this committee will not agree with us. We do not bring up that issue at all, and we say to you that if you do not think that we are entitled to statehood at this time, please leave us alone. But if we can convince you that Arizona has such possibilities for future development whereby we can maintain a large population, judged from our past development, we think it is your duty to let us alone and to give us a chance.

Arizona is a land of hidden resources. The limit of those resources to-day no man knoweth. We have had people time and time again who traveled across our Territory on the railroad trains look out from the car windows and report that Arizona is no good, and that is the report that has come to the people of the East from time to time from travelers who have gone across our country on the trains. The question has been, "What is there in Arizona? There is nothing there—nothing to develop." That is the impression one may get from riding across the Territory in a railroad train; but it is not the true state of facts. Forty years of development under the most adverse conditions has shown us who have been in Arizona and who have traveled from one end of it to the other that the possibilities are beyond the dream of anybody here. I do not think there is one of our delegation hardly who really appreciates the possibilities that lie hidden in Arizona to-day.

I will take as an illustration the mining industry. I do not pretend to know much about mining. But men have traveled over our hills, and through their industry and work have developed magnificent mining properties. In the development of those properties the geological formations of the country have been carefully studied. A short time ago a man would not think of going right straight down in the earth 500 or 600 or a thousand feet without the least particle of ore in sight. He would do that very thing to-day. Why? Because after studying the geological formation and learning something about how the formations of ore are formed in this district and that district one can go down in the earth with reasonable prospect of finding ore. What has been the result? The most magnificent bodies of ore have been discovered.

It is a good deal the same way with our irrigation problem. As people learned who went across our Territory in the earlier days, our streams are torrential; we have great quantities of water at times, and at other times we have very little water in them. There

settled on the banks of the Salt River a limited number of farmers, who started in a small way to develop the country. The men that first entered that country though it was absolutely worthless, but with the magic touch of water we found that it is the most prolific land on earth; that the crops that can be produced and the variety of crops are not exceeded in any country I have ever heard of. But we found immense difficulties in attempting to develop the Territory. We found the time when we most needed the water was when we had a scorching sun, and that at that very time when, if we had the water, crops would grow like magic that same scorching sun was drying everything up.

There are in this delegation men that have spent years trying to overcome those difficulties. I could not well tell you how many times some of our delegation here have crossed the continent in the interest of attempting to bring about an arrangement to store that precious fluid, a fluid as precious to us as gold, running down in a constant stream to the ocean. With that precious fluid—water—once stored we know exactly what we can do, we know how many crops, and what variety of crops we can grow. That has been demonstrated. Now, as to the extreme value of that water, we have a magnificent reservoir site, said to be the best in the United States. You can see how difficult it was for the few farmers to attempt to store that water, and I tell you it has cost nearly a quarter of a million dollars to build a road to that reservoir site. But it has been our good fortune to have the Government of the United States assist in this enterprise, and it will only be a very short time, only a few months now, as the floods of the winter recede, when will commence the greatest activity to plant a barrier across that stream whereby we will be able to store 1,500,000 acre-feet of water, water that will cover 1,500,000 acres a foot deep; to be used just at the time that we require it, and when the value of that water is something enormous.

They talk about the cultivated farms and the area and the extent of them. General Sampson said that he thought there were about 80 acres to the farm on the average in Arizona. I do not think he is very far wrong in stating the average to be 80 acres; but those farms are now being cultivated under adverse conditions, with an inadequate water supply. Ten acres thoroughly cultivated brought under the most scientific and highest state of cultivation, as has already been suggested, are thoroughly capable of maintaining a family. The crops and the diversity of the crops that we are able to grow are wonderful and of enormous quantities. The very fact that it has been suggested here that we can grow four and five and six and sometimes seven crops of alfalfa a year is something worth noting. That alfalfa is good for horses and sheep and cattle and hogs and turkeys; it is a very valuable forage. And we can grow that without in any way exhausting our soil. You will understand that the soil is made up from wash from the mountains in a series of centuries, and the depth of the soil varies from 10 to 80 feet. It does not contain very much nitrogen, because the vegetable growth has been very limited; but with the alfalfa, that draws largely upon the air for its nitrogen; that soil constantly grows in richness as long as we have it under cultivation—for ten or fifteen or twenty-five years; the longer it has been under cultivation the richer and more valuable is the soil.

The number of crops, the variety of crops, makes that, and will make it one of the most valuable portions of the United States. The fact is, as has already been suggested here, we can grow oranges to perfection; we can grow olives to perfection; we can grow dates to perfection; we can grow cotton, and pears, and peaches, and pomegranates, and barley, and wheat, and all these different varieties of products, and that fact is certainly going to make that an extremely valuable irrigated country.

It has been stated that we could cultivate with our known water supply 740,000 acres. But what about our unknown water supply? What are the possibilities that still lie hidden beneath the ground? No man knoweth. But from the little experience we have already had in developing country, we know that those possibilities may be something very great.

I have had occasion to be interested in this irrigation development. A few years ago I was interested in some land on which we were unable to get a sufficient quantity of water to cultivate it with success. I consulted the various experts in regard to the possibility of getting water beneath the ground, geologists, people who had had practical experience in water development, and not a single person could I get to encourage me to attempt to get water from below the ground. I sent for a well-boring outfit, still having reason to think that there might possibly be water there. I penetrated the earth to a depth of 80 feet and found a gravel bed beneath from 150 to 200 feet in depth filled with water, and the pressure from below brought the water within 35 feet of the surface. Recent investigations show that that extends over a very considerable area of country.

The CHAIRMAN. Just where did you say that artificial condition was?

Mr. CHANDLER. In the Salt River Valley. Now, it is generally stated by engineers that taking the loose gravel and boulders as we found them there they contain about one-third water, so that means a lake of water below the surface of from 50 to 60 or 75 feet in depth.

The CHAIRMAN. There are quite large possibilities of that kind also in the Pecos Valley in New Mexico, are there not?

Mr. CHANDLER. Yes. This is only one instance of the possibilities of our underground water development, which we have just started. We find in the San Pedro Valley, where they have penetrated the ground, that they are getting water. We find in the Gila Valley, where they have gone down in the ground that they are getting water there. We know that in the Sulphur Spring Valley they are getting water—that there is water beneath the surface of the ground. We are now from the development of our mines getting water and putting it out upon the surface and producing large crops with which to help support those mines. What is the limit of the area? Arable land we have in millions of acres. The extent of the water supply we do not know. But we have this to encourage us, and we have reason to believe it is very large.

In connection with this I also want to speak briefly upon the possibilities from our water power. As we take this water power from the dam will develop from six to seven thousand horsepower. That horsepower can be multiplied over and over again from the fact that water comes down through a canyon, and by putting dams across the

river we can continually multiply the water power. So we can get a large amount of water power in the transmission of this water to the valley, which can be used not only for pumping purposes, but manufacturing purposes.

I want to say also in connection with this—and it is no dream or vision, because I know it is a possibility—that we have great energy hidden in the Grand Canyon of the Colorado. I looked that up a few years ago, and found going down from the top of the canyon to the river, which is 6,000 feet below the surface of the ground, that there are precipitous walls rising on one side a thousand feet and on the other side 500 or 600 feet. A dam placed across the Colorado River can divert it from its channel through a natural spillway 200 feet high, turn it in another direction, and develop 100,000 horsepower. That is only one point in the Colorado River. How many more are there? I do not know. Now, what does it mean? What does it mean that that immense energy can be turned into our Territory? If you will travel across these mountains where the railroads are now penetrating, you will find there is hardly a district for miles and miles as you go up the Tonto of the San Pedro or along by this district here [indicating on map], prospect after prospect—what lies beneath the surface? The chances are, with our present experience, that there is enormous wealth. Turn this energy from the Colorado River into these hills and what will be the result? Or turn it upon our unirrigated lands and what will be the result? You may imagine something about it as well as we can.

The CHAIRMAN. In this connection—not with a view to curtailing you at all, but I want to suggest that you have other gentlemen, I suppose, on the delegation, and I suppose you have some arrangement as to the division of time, and I would simply state that we had an understanding to give some other people a hearing to-morrow, and so I would like to have you people appreciate the situation, so you can divide your time to the best advantage.

Mr. HEARD. Do you want us to close to-day?

The CHAIRMAN. Well, we have agreed to give another hearing to-morrow.

Mr. HEARD. We have a number of other speakers. We think that we can surely close to-morrow afternoon; it may hurry us somewhat to finish this afternoon.

(Informal discussion followed, and then Doctor Chandler was requested to proceed with his statement.)

Mr. CHANDLER (continuing). I would like to proceed on that line for one minute. I would like to ask you to look at our great possibilities of cotton production. The cotton possibilities of Arizona are enormous. We can grow the finest Egyptian cotton or the finest Texas cotton. We know we can grow the cotton, there is no question about it. We can pick cotton from the 1st of August until the middle of December. So, I ask, what is to hinder us from having great cotton mills? With our thousands of head of sheep what is to hinder us from having great woolen mills? With our millions of feet of lumber what is to hinder us from having great paper mills? With our clays and the necessary ingredients in our soil what is to prevent us from manufacturing aluminum? What is to prevent us from having all these great industries started in our country, especially when we consider that we have a climate which has not a superior one

earth? Can not we do these things as well as they can in Maine, in New England, or in any other country? Why should we not do these things when we have the natural products and conditions for so doing?

Now, it seems to me, since we have gone this far, since we have been blazing the way and have developed to the extent we have, and are ready to burst forth with immense activities by reason of our immense possibilities, with railroads crossing our Territory again and again, and feeding out in every direction into the mountains—because where there is one sufficient there goes the railroad—with all these possibilities before us, and true Americans as we are, with true American courage, why should we be connected to a foreign population which we know and are positive will hamper us? I ask you, with these possibilities before us, why will you not leave us alone? You may doubt my statements, you may doubt these possibilities; but I am thoroughly convinced we have them, and yet a few years will demonstrate them to everyone. We have labored and labored and labored. Now, at this period of our development, we do not want you to put a millstone around our necks to pull us down. Leave us alone, and in a few years we will come up here and show you a development which will justify my expectations.

In regard to the conditions existing in Arizona to-day, I want to say a few words, especially in regard to conditions that are adverse to the true interests of Arizona, relating to taxes, etc. I want to say to you that we could do in 1895 what we could not begin to do in 1890; that we could do in 1900 what we could not begin to do in 1895; that we could do in 1905 what we could not begin to do in 1900, and we have reached the point to-day where we are going to put the people upon the soil who will have their own homes, elect their own people to the legislature, and that we can rectify those conditions, and we are going to rectify those abnormal conditions. Are you going to help us? Will it be helping us to connect us with a foreign population living in our neighboring Territory? Is that going to help us? That is a vote that is easily controlled—not so the vote in Arizona. Leave us alone and we will rectify those conditions, and we will do it ten times easier than if you connect us with our neighboring Territory.

One more word. We are not doing this for ourselves alone. I would not be surprised if we were not doing it for half the members of this committee or for their sons or grandsons. It is not for us alone we are building a great Commonwealth there, in which you are interested and we are interested. Who is going to build us up? You gentlemen of the East are just beginning to get confidence in Arizona. Your money is going to be spent there, and you want representation there just as much as we do. I do not believe there is a gentleman on the delegation to-day who was born in Arizona. We come from Ohio and Massachusetts and Michigan and Missouri and from all over the United States. What has been said of the West heretofore? A great Commonwealth that has been built up under State government—what has been said of them? Have they not been declared worthless time and time again? And I tell you, gentlemen, I believe that of all the western country Arizona is the peer of them all when it comes to natural resources and the possibilities or marvelous development.

Mr. POWERS. I would like to submit one or two questions in all fairness. I want to ask you something about the manufactures. You develop this power and take it down the valley from the mountains? Is that your purpose?

Mr. CHANDLER. That is our purpose.

Mr. POWERS. Down into the Salt River Valley?

Mr. CHANDLER. Yes; and some other valleys.

Mr. POWERS. And then you establish factories there?

Mr. CHANDLER. Yes.

Mr. POWERS. And do you not think the Salt River Valley is rather hot for factories?

Mr. CHANDLER. No.

Mr. POWERS. Do you not really think that is rather a hot place to build factories? I only ask for your opinion.

Mr. CHANDLER. We are just establishing a beet-sugar factory there now.

Mr. POWERS. I had reference to cotton and woolen factories, where you would employ a large number of people.

Mr. CHANDLER. We do not necessarily need to establish them in the Salt River Valley. We have climates outside of the Salt River Valley. We have climates as magnificent as any in the country; delightful climates in the winter time and delightful in the summer.

Mr. POWERS. I know you have pleasant climates in the summer in the mountains. What would you make your paper from?

Mr. CHANDLER. I suppose we would make it from lumber; from wood pulp.

Mr. POWERS. Are you familiar with the paper industry?

Mr. CHANDLER. Not to any extent.

Mr. POWERS. Do you know what kind of lumber it takes to make paper as good as that [indicating a piece of paper]?

Mr. CHANDLER. No.

Mr. POWERS. I am a little mixed up in the paper industry myself. That is made of the Maine white spruce.

Mr. CHANDLER. I would like to ask you a question in regard to that. Are we not doing things to-day that we could not do twenty years ago?

Mr. POWERS. Yes; but let me say to you that the white fiber was twenty years ago the same as it is to-day. I do not think you could make paper successfully there. They are making paper in a number of States; they are making it of straw and cotton stalks, and that sort of thing, but the large paper industry has gone to the white-spruce region. When we first began we thought poplar was the best thing to use, but we have learned this is the best.

Mr. CHANDLER. They say cactus makes very fine paper.

Mr. POWERS. I don't know how that would be or what color it would be. Then, in order to make paper you have to have lime. I suppose you have got lime down there?

Mr. CHANDLER. We have worlds of lime.

A BYSTANDER. And worlds of spruce.

The CHAIRMAN. There are a great many waterfalls in this country, but unless you can get them in some proximity to your raw material they may not be of much use.

Mr. CHANDLER. I suppose it would take a good many years to utilize that 100,000 horsepower?

The CHAIRMAN. I apprehend it would take several hundred years.

Mr. MCKINNEY. You do not differ very materially, do you, in regard to the amount of irrigable lands as given in the governor's report?

Mr. CHANDLER. I do not differ as to the known water supply, but I do say this: That the Geological Survey does not know, and nobody else knows, what the water supply is. We have our underground water supply, of which nobody knows.

The CHAIRMAN. That underground water supply would not be found outside of river valleys, would it?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. I assume that the underground water supply would have to be along in river valleys—that is, it would not be found upon the sides of the mountains, for instance, so as to make it available for any agricultural purposes.

Mr. CHANDLER. Mr. Chairman, I would like to explain a little. We have coming down from our mountain sides large streams of water. They run a certain distance and then they disappear entirely.

The CHAIRMAN. Into the valleys, do they not?

Mr. CHANDLER. They go underneath these great deserts. For instance, a short time ago I was up one of these canyons and I came across a stream of water, and by that stream of water I found a building, and a man was living there. I knew what the drainage area was, and I exclaimed to him, "My goodness, are you not afraid to have your house right by this stream? In time of high water you will be washed away, I should think." He replied, "Oh, no, sir; the stream never gets any larger; it goes down into the ground." "Where does it go?" said I. "Nobody knows." There is an immense amount of water that goes underneath the ground—

The CHAIRMAN. Assume that it does go underneath the ground. Still it would not be available for agricultural purposes unless it was utilized for some low-lying lands in that Territory.

Mr. CHANDLER. Very true, that is where water goes, it seeks its level, it goes down to those low levels and into those valleys. It undoubtedly comes from great distances and seeks these level plains.

The CHAIRMAN. You say that Arizona does not desire separate statehood or joint statehood at this time?

Mr. CHANDLER. We are not asking for it.

The CHAIRMAN. State how many times Arizona has applied for statehood in her history.

Mr. CHANDLER. I think Mr. Mark Smith will answer that for me.

Mr. SMITH. The man who preceded me in the Forty-ninth Congress, I know made application for it. It was also made in the Fiftieth, Fifty-first, Fifty-second, Fifty-third, Fifty-fourth, Fifty-fifth, Fifty-sixth, Fifty-seventh, and Fifty-eighth Congresses. This is the first time since 1879 that Arizona has asked nothing of Congress except to be let alone. During that time we have passed the Arizona bill three times, and twice have had favorable reports from the Senate.

Mr. WEBB. And how many times has the New Mexico bill passed?

Mr. SMITH. Nine or ten times. Mr. Rodey could tell you about that.

Mr. RODEY. Since 1850 one House or the other has passed the bill 17 times, and twice both Houses have passed the bill, it failing in conference.

Mr. SMITH. The first time the Arizona bill passed the Territory only had about 75,000 or 80,000 people. At that time Wyoming and the others had gone through with a less population.

Mr. HEARD. I will state, Mr. Chairman, that the churches of Arizona are practically a unit in opposition to joint statehood. We have resolutions showing that this is a fact, and we have with us two representatives of the church. I now have the privilege of calling on Rev. Harvey M. Shields, an Episcopal clergyman from Bisbee, Ariz., who has resided with us for seven years.

STATEMENT OF REV. HARVEY M. SHIELDS.

Mr. SHIELDS. Mr. Chairman and gentlemen, I was born in Covode, Pa., in 1870, but I have been an American since 1636. I feel that Arizona, as represented by these gentlemen, is only pleading for American rights. I think in every warfare of this dear land of ours my own people have had their share. I had two ancestors in the Revolutionary war and a number in the war of 1812, and my own father was four years in the civil war. I think I can claim an ancestry that is thoroughly American, and that understands something of what American principles are, and I think that in my own blood there is something of strong protest against anything being forced upon the people in Arizona that is contrary to their own will. In this land of ours, government should come from the people, and we do not feel in Arizona that anything should be put upon us that is not in accord with our own convictions. These gentlemen, I am pleased to say, come to you with clean hands and a pure heart. I know most of them personally. I know all of them by reputation. And I honor them and I am exceedingly indignant that there has been, apparently, an impugning of their sincerity and their honesty and my own in this our present contention.

I have been for seven years in the southeastern part of Arizona, a part of the time in the upper Gila Valley, two years, and five years in Bisbee. I may also say that I have had my home for four years of my life in New Mexico and that my dear old father is resident physician at the famous Hot Springs in New Mexico. He and I happen to be on different sides in this present matter. My own mother sleeps in God's acre in that same locality, having given her life the last few months of her life, to those people. I love New Mexico. It is not a case of not caring for the interests of New Mexico. I love Arizona more, because it happens now that my lines in my life work are cast in that Territory. I know the people of Arizona from north to south and from east to west, and quite well, because in my work I have had occasion to meet people in all conditions and of all classes in all parts of the Territory; but I know most intimately the people of the southeastern part of Arizona. The people of the upper Gila Valley are the agricultural class, for the most part. The people in Bisbee and the Warren district are mining people. Both classes of people are such as to command great respect and affection from anyone who knows them intimately, as a physician or minister who lives among them can not help but know them.

The Warren district I am acquainted with more than any other one part of the mining district of southeastern Arizona. That district has grown wonderfully in the last five years. Five years ago there

was in Bisbee and in the vicinity of Bisbee a population of 5,000 people. To-day there is a population of 15,000 people. You see what the increase has been in five years. Five years ago there were not many men in that district having their own homes and their own families there. To-day it is the rule for a man to make his home there, bring his family there, and so what was a mining camp is now becoming a municipality in the ordinary sense of the word. We have in Bisbee a municipal government, and we have such institutions as a chamber of commerce, whose delegate I am and whom I am glad to represent, a set of splendid, active, earnest, sober-minded, sober-bodied business men, men whom I love personally and whom I know intimately and in whom I have great confidence. These men are not in favor of joint statehood; they are opposed to it first and last and all the time; they are opposed to joint statehood not only for themselves, but for their posterity; they are opposed to joint statehood not because they have anything against New Mexico, but because they have more interest in Arizona.

Some four years ago a company of men stood on a knoll among the hills of Bisbee, and one of them, raising his hand, flung a stone out from him, wherever it might light, and thus was chosen the spot where the main shaft of the Calumet, an Arizona mine, was located.

So much ore is there in that country that men choose where to put a shaft in that way. Bisbee has upward of 5,000 men employed, with wages amounting to \$500,000 a month. Let me say a word as to the class of men who have charge of the mining industry in our section. I have known these gentlemen also personally. Their homes are not in Bisbee, but they are frequent visitors there. I speak more particularly of the Phelps-Dodge people, who have interests in Bisbee, Morenci, Globe, Nacozari, Mexico, La Cananea, and Douglas. These men are large hearted, and their interest is not only in their business, but in the people they employ and in all the people in Cochise County and in Arizona. I recall that the gymnasium of the University of Arizona, at Tucson, owes its present existence to the kindness of President Douglas, of the Phelps-Dodge Company.

In our own town of Bisbee a public library has been maintained at the expense of the company, and a splendid library it is, all the most recent books along all lines being always kept in place. This library has been sustained for years by this company. A \$60,000 gymnasium has been built, with every modern convenience, by the kindness of the members of that company; a beautiful church, costing nearly \$30,000, was erected by the kindness of the late William E. Dodge and Mr. D. Willis James, of New York City; members and directors of the Copper Queen Company built the Copper Queen Hotel at an expense of \$100,000, and the Copper Queen store, which is a most modern building in every sense of the term, a store not equaled by any other out there except the one at Morenci, and that store is not excelled, I understand, by any in the whole Southwest, not even by any in Los Angeles, Cal. The store in Bisbee covers a business of \$2,000,000 a year, and perhaps by the end of this week the manager of that store will be a member of this delegation.

The city of Bisbee is developing along all lines. May I speak of our streets, which are just now being paved if the weather is permitting? There has been so much rainfall and so much snowfall in the last year that the paving of the streets has been interfered with—

and, by the way, that possible change in the amount of rainfall in Arizona, which we have observed now for more than a year, largely affects the food productiveness of the Territory. The streets will soon be paved. The topography is not such that we can have many streets, and so many paved streets, because there are really only two streets in the town, the town being situated on a hill. It is not a desirable location for a city, but in spite of disadvantages great progress has been made toward a municipality that will be unique and quite beautiful in the course of time.

The churches of Bisbee have been doing their work for years. There are two Roman Catholic churches with their own homes; there is a Presbyterian Church occupying a beautiful and expensive building, in which I have spoken; there is an Episcopal Church. These organizations have their own buildings; and, besides this, other churches are soon to erect their own homes, such as the Church of the Disciples and the Baptists.

The educational care of the children of our district, as well as of all districts of Arizona, is being kept in hand very earnestly, very systematically, by our business men. There has been completed in Bisbee a \$75,000 school building, in which all grades, from the kindergarten to the last grade of the high school, will perform their work, a most thorough, systematic educational system we have in Bisbee, and the same thing can be said of Tucson and Nogales and Douglas, and not only as to Cochise County, but as to the whole of Arizona, from our magnificent university in Tucson, the apex of our educational system, throughout every county in the State.

We think that our people are earnest, honest people, and that they are building an empire, just as much as our forefathers in New England or Pennsylvania sought to build an empire for themselves and their children and descendants. I do not believe that anyone of you comes from a State or district with a better class in control than we have in Cochise County, in southeastern Arizona. We admit there are evils there, and that is why we are there, all of us trying against such evils to build up an empire for ourselves and for our children. We believe that we shall be able to accomplish in Arizona what has been accomplished in New England or Pennsylvania or the Middle States if we be given the opportunity. We reach out our hands to New Mexico and say, "We wish you godspeed," but let us work along our own individual lines, with our own individual autonomy, and it will be better. We have no word of unkindness for our sister Territory; we are like two children learning to creep. After a while, if you will let us alone, we shall be able to walk. Please do not try to make Siamese twins out of us now.

We believe that in a few years we shall be able to make such a showing to Congress and to the country that we shall be admitted as a State without question. And I say that we have no quarrel with the East, and that the East need not fear us or the growing power of the giant in the West. We shall love our country just as much as you; we shall be just as loyal citizens whether in a Territory or a State as you; we are children of the same fathers, and we shall all be part of the same great precious country for which our fathers have been willing to die, for which so many of our dear boys have shown that they were willing to die in the last war, and for which we will be willing to die if God calls us for it. Please God,

please this committee, please this Congress, please this country, let us have our own autonomy, let us have our own destiny, our own progress, let us exercise our own patriotism, let us prove that we are true now and always will be true to this land which you love and which we love as well.

The CHAIRMAN. You spoke of the recent rainfall in Bisbee. That rainfall succeeded a long period of aridity, did it not?

Mr. SHIELDS. Not a long period. Two years ago we had a sad drought.

The CHAIRMAN. I think I read in the governor's report that there had been a long time preceding that when you had no rain.

Mr. SHIELDS. But other sections of the country, you will recall, were afflicted as well as ourselves; you know Kansas and Nebraska have had such periods. But within the last eighteen months I think it is safe to say that the ordinary amount of precipitation has been doubled or trebled.

The CHAIRMAN. It has been considered rather unusual, has it not?

Mr. SHIELDS. Yes; we do not know just what to attribute it to.

The CHAIRMAN. What mines are located there at Bisbee?

Mr. SHIELDS. The two principal mines are the Copper Queen Consolidated Mining Company's mine and the Calumet and Arizona.

The CHAIRMAN. Who are the owners?

Mr. SHIELDS. The Phelps-Dodge Company owns the Consolidated. The Czar shaft and the Holbrook shaft are just by this side of the post-office limits, and the other shafts, the Silver Spur and the Cardinal and the Sacramento and the Lowell shafts—

The CHAIRMAN. Do you know who the principal stockholders in those mines are?

Mr. SHIELDS. The principal stockholders in the Copper Queen mine I know personally. I do not know personally the stockholders of the C. and A. mine except Mr. Coles, the president of the company, whom I have met. I should mention that the Copper Queen company has established the second largest smelter in the world at Douglas, 28 miles from Bisbee. Bisbee used to be both a mining and a smelting town. About two years ago the smelter was moved to Douglas, and has developed into a wonderful affair. It is said that an engine—

The CHAIRMAN. You stated you knew the names of the stockholders, but you did not give them.

Mr. SHIELDS. Do you wish the names?

The CHAIRMAN. Some of the principal ones.

Mr. SHIELDS. President James Douglas, of the Copper Queen Consolidated Mining Company.

The CHAIRMAN. Where is he from?

Mr. SHIELDS. His home is in New York City. Mr. D. Willis James, Mr. Cleveland Dodge—

The CHAIRMAN. Where is his home?

Mr. SHIELDS. New York. Mr. Walter Douglas—he is managing director of the E. P. and S. W. Railroad, and he has his home in Bisbee. He is the general manager of the Copper Queen Mining Company. These gentlemen whom I have mentioned have been pretty good friends not only to our district, but to all Arizona, and they are Christian gentlemen. I know them personally, and I do not believe that there could be a set of men with a deeper or purer

interest in the proper advancement of all Arizona in every way than these men, and I do particularly resent that there is anything that might impugn the mining men of Arizona as far as I know them and the members of this company so far as I know them.

Mr. McKINNEY. Do you know what their attitude is toward this statehood question?

Mr. SHIELDS. I do not know what the attitude of Mr. Douglas or Mr. James or Mr. Dodge would be, except that a few days ago I saw a printed statement purporting to come from Mr. Douglas in New York that it would be wrong, intensely wrong, to link together two Territories like Arizona and New Mexico, with their different types of people, the Latin race dominating in New Mexico and the Anglo-Saxon race in Arizona. I think that was the purport of the statement made by Mr. Douglas.

The CHAIRMAN. Do you refer to Mr. Douglas?

Mr. SHIELDS. Yes; the president of the company.

The CHAIRMAN. Is he a citizen of the United States?

Mr. SHIELDS. I think so; I do not know to the contrary. I know his home was formerly in Pennsylvania.

Mr. KLEPPER. I would like to ask a question. I believe you stated you had lived in New Mexico a while?

Mr. SHIELDS. I was there four years.

Mr. KLEPPER. You had occasion, I suppose, to get pretty well acquainted with those Mexican people over there?

Mr. SHIELDS. Yes, sir.

Mr. KLEPPER. What class of citizens are they in a general way? What are their leading characteristics?

Mr. SHIELDS. I think as a rule the Mexicans are an exceedingly conservative people and a people who prefer to live according to long-time traditions. I think they are a quiet, pastoral people, inclined to obey the laws, and yet a people with whom the Anglo-Saxon race does not amalgamate very much. I think the fact that a child born of a union between an American white man and a Mexican woman being called a "coyote" indicates the feeling—

Mr. KLEPPER. Is it not a fact that the Mexicans do not attempt to dominate in politics?

Mr. SHIELDS. Yes.

Mr. KLEPPER. Do not attempt to dominate in conventions? Do they not follow instead of lead the others?

Mr. SHIELDS. I think that is true, that the Mexican has been used on both sides.

Mr. HIGGINS. What do you mean by that?

Mr. SHIELDS. You are getting me into deep water. I think that both the great political parties have exercised considerable influence over the Mexican people.

Mr. KLEPPER. The Mexican people in New Mexico, then, do not attempt to dominate the Americans in public affairs, do they, Doctor?

Mr. SHIELDS. Except as they incidentally dominate, perhaps, under the leadership of certain politicians.

Mr. KLEPPER. But they are subject to the leadership of the white people?

Mr. SHIELDS. Not altogether. I think they have had a good many governors with Spanish blood in their veins; men who would be said

to be leaders. Is not the present governor a man of Spanish extraction?

The CHAIRMAN. They are reputable gentlemen, are they not?

Mr. SHIELDS. I know personally a number of men of Spanish descent in Mexico for whom I have great respect, but they are the exceptions. There are certainly families that dominate their own people, dominate the class called the "peon class."

Mr. COLE. What is the standard of morality among the New Mexicans, the people of Spanish extraction there?

Mr. SHIELDS. I have no reason to believe but what a majority of the people are true to their marital vows. Nearly all of them are Roman Catholics, and we know that the priests in the Roman Catholic church try to hold up a high standard to them.

The CHAIRMAN. And they are otherwise a moral people, are they not?

Mr. SHIELDS. I say they are a quiet, orderly people, law-abiding.

Mr. COLE. Not difficult to govern, are they?

Mr. SHIELDS. No; not difficult to govern, and yet not difficult to handle.

Mr. MCKINNEY. You are the only person who has spoken to the committee who has a knowledge of New Mexicans in New Mexico from personal contact. I understand the fears of the people in Arizona are that the Spanish-speaking element in New Mexico will dominate the new State of Arizona. Now, from personal observation you do not believe that, do you?

Mr. SHIELDS. I do believe that; I do believe that New Mexico would dominate in this matter.

Mr. MCKINNEY. But do you believe the Mexicans in New Mexico will attempt to dominate the white race?

Mr. SHIELDS. I believe political use will be made of every condition that obtains to the disadvantage of Arizona.

Mr. MCKINNEY. Under the leadership of the Mexicans of New Mexico or under the whites?

Mr. SHIELDS. The politicians of New Mexico are both Anglo-Saxon and Spanish in descent.

Mr. COLE. Do you think the general moral conditions in New Mexico will compare favorably with conditions in Arizona?

Mr. SHIELDS. I do not know.

Mr. COLE. You have lived in New Mexico for how long?

Mr. SHIELDS. For about four years.

Mr. HIGGINS. Well, what would you say, as far as your observation went?

Mr. SHIELDS. What do you mean by general moral conditions?

Mr. COLE. The average standard of morality, the same as you speak of the average standard of beauty in this room.

Mr. SHIELDS. I know that there are conditions in Arizona and New Mexico that need to be remedied, as there are conditions in every great city that ought to be remedied.

The CHAIRMAN. Assuming that the Spanish-speaking people of New Mexico are God-fearing, church-going, law-abiding people, restrained considerably by their church affiliations, and properly so restrained, do you think that that kind of a pastoral people, taking into consideration their church relation, would knowingly lend themselves to any impropriety in their government?

Mr. SHIELDS. Knowing the history of New Mexico somewhat, I would be inclined to fear for Arizona to be linked with New Mexico.

The CHAIRMAN. If you could be a little more specific. I assume that you do fear it, but could you be a little more specific in response to my question? I do not wish to press it, however.

Mr. SHIELDS. The question is particularly unpleasant to me because—

The CHAIRMAN. Then I will not press it.

Mr. SHIELDS. Because I am a minister of the Episcopal Church and you are asking me about a people who are almost exclusively Roman Catholics.

The CHAIRMAN. I understood that they are excellent people.

Mr. SHIELDS. Although I might say that the Episcopal Church has a great many missions and churches in New Mexico and is doing a splendid work to bring the Mexicans into what we believe to be a true type of Christianity, the Methodist Church is also doing splendidly there; and the church that is doing perhaps more than any other to educate them along the line of citizenship is the Presbyterian Church. They have a great many churches and mission schools within the Territory. I know that there has been quite a renaissance in the work of the Roman Catholic Church and Baptist Church and other churches among the Mexicans of New Mexico.

The CHAIRMAN. And, still, they are taught to be moral people and lead upright lives, although they are not, as I understand you, a progressive people?

Mr. SHIELDS. I think the average Mexican is exceedingly conservative.

The CHAIRMAN. A conservative man. Now, leaving outside the question of denominationalism and assuming, as I am prepared to assume and as I do believe, that these people are excellently well taught, is it possible to believe that a population of that character, much higher in character than a large percentage of some of our Eastern States and cities, would lend themselves consciously, under the various kinds of direction, church and otherwise, to impropriety in the government of themselves?

Mr. SHIELDS. I know that the Mexican is exceedingly susceptible to the influence of those in political station who might choose to use him.

The CHAIRMAN. I am told that he invariably votes the Republican ticket.

Mr. SHIELDS. That is not true.

Mr. MOON. It is a very immoral thing if he does, I can tell you that.

The CHAIRMAN. I am told that he ascertains that it is Republican and then he votes for it.

Mr. SHIELDS. No; I know that is not always true; I am a Republican, and I know many Mexicans are not Republican.

The CHAIRMAN. The present Delegate from New Mexico has shown me some returns from counties in New Mexico where the population is of Spanish extraction largely, and there the vote was practically unanimously Republican.

Mr. SHIELDS. That may be in some parts. In one county there were 1,800 Republicans and 11 Democrats. Those 1,800 were greasers and the 11 were white men.

Mr. POWERS. I suppose you refer to the manner in which gambling saloons and other kindred places are run and licensed by the communities—

Mr. SHIELDS. Well, if I had to make my choice between covert evil and evil that is out in the open where I can guide my boy and girl away from it, I think I would prefer the evil in the open.

Mr. HEARD. The next gentleman who will address the committee is a gentleman from Phoenix, conversant not only with irrigation in the Salt River Valley but the whole of Arizona. Mr. Fowler, president of the Salt River Valley Water Users' Association.

STATEMENT OF MR. B. A. FOWLER.

Mr. FOWLER. Mr. Chairman and gentlemen, when Mr. Heard notified me earlier in the day that I would be called upon to speak, I declined because I have received at the hands of the committee courtesies for a number of years, and it did not seem to me that it was necessary for me to say anything, and there were others here that had come prepared to represent certain interests of the Territory and I was perfectly willing to keep quiet and allow them to present these interests, and I knew they could present them well. Consequently I did not care to say anything. But there are two points made here this afternoon that I want to correct, and I think I can do it in a few moments.

I have in my hand something I think will be of special interest to the chairman and some of the members of the committee, because they have inquired particularly in regard to the Copper Queen mine and the owners and what their attitude is upon this question of statehood. I want to read this article (reading from newspaper):

The New York Tribune last week interviewed Prof. James Douglas on the subject of statehood legislation, and said:

"Dr. James Douglas, who is the executive head of the mining enterprises in Arizona grouped as the Phelps, Dodge & Co. interests, was seen in his office, No. 99 John street, yesterday afternoon and gave his views upon the proposed joint statehood of Arizona. Doctor Douglas said:

"It seems almost futile for one identified with corporate interests in either of the Territories to voice his views in opposition to joint statehood. Those who favor the proposition charge us with selfish and ulterior motives. My answer is that we are merely reflecting the sentiment of practically every intelligent citizen of Arizona in our opposition, and to the charge that those interested in mining operations in the Territory are maintaining a lobby at large expense in Washington to promote separate statehood, I am able truthfully to assert that Phelps, Dodge & Co. are not spending a dollar for that purpose. The only thing we have done was on the occasion of the visit of the Territorial Committee of the House to Arizona last summer, when we afforded the Congressional party the facilities of our railroad and accorded them the usual courtesies of ordinary hospitality when they visited any of the points where our mines or smelting plants are situated. The Congressmen were under the escort of F. M. Murphy, who, with his brother, ex-Governor N. O. Murphy, has mining interests in another part of the Territory.

"To force Arizona into a union with New Mexico is to do a great wrong to the people of the former Territory, who, in racial antecedents, religious preferences, and industrial interests, are wholly unlike the inhabitants of New Mexico. New Mexico has a population sufficient to justify her admission as a single State, and the people of Arizona, among whom I have spent more than twenty-five years of my life, would rather wait twenty years for statehood than be joined to New Mexico.

"In the event of joint statehood the vast interests in Arizona would be outvoted and so controlled in the matter of taxation by the greater population of the

present Territory of New Mexico, which is vastly less important in the value of its taxable property. The various interests of Phelps, Dodge & Co., including railroads and mines and smelters, employ fully 10,000 men, about three-fourths of that number in Arizona and the balance on the railroads and in the coal mines in New Mexico; and since more than 10 per cent of the population of Arizona is either employed in or dependent upon our various enterprises, we may fairly entertain the opinion that it is scarcely an impertinence for us to express views on questions that bear on the welfare of the people or of the great mining industry there.

"I can well understand that it may seem desirable to substitute a State government for the Territorial form wherever it can be wisely accomplished, and I can also appreciate the political considerations that are involved in the contention for joint statehood, but neither should outweigh the injustice that would be involved in such an unfit alliance as that of Arizona and New Mexico.

"Finally, I want it clearly understood that Phelps, Dodge & Co. have never been in politics and do not desire to enter that field, and that the insinuation that we are spending money to influence separate statehood or defeat joint statehood is a foundationless falsehood."

That bears upon the subject that has been under discussion. I can also state from personal knowledge that Phelps, Dodge & Co. have, so far as I have come in contact with them, been cordially in favor of single statehood, and as strongly are they opposed to joint statehood as they have been in favor of single statehood. I say that because that covers the charge sometimes made that these mining companies are opposed to joint statehood in order to keep Arizona a Territory, as it is now, for their own advantage. Such a statement is a falsehood and is a slanderous statement, made by anyone, I do not care who, for the reason that I know most of these men connected with these great mining enterprises, and I know they have been the men who put their shoulders to the wheel, used their hands, and in every way possible endeavored to further the single and separate statehood desires and ambitions of Arizona. So much for that.

There is just one other point I want to make, gentlemen. My esteemed friend, the chairman of this committee—

The CHAIRMAN. I am glad to be in that category—

Mr. FOWLER (continuing). Has seen fit to quote from some matter that came from the Geological Survey. I have a slight acquaintance with the water-storage questions and the irrigation questions in Arizona, having devoted about five years of my life to the subject, and while I do not know it all and do not pretend to, yet in my connection with the Salt River Valley Water Users' Association—

Mr. WEBB. What position do you hold in that association?

Mr. FOWLER. I am president, and have been the only president of the association; I was reelected unanimously.

The CHAIRMAN. This committee helped Mr. Fowler in the Tonto dam proposition, and we are well informed about him.

Mr. FOWLER. To answer the question, though, as I said, I am president of the Salt River Valley Water Users' Association, the first one organized under the act of 1902, and our articles of incorporation have been adopted by a dozen or perhaps a score of water users' associations organized in the United States since then. There are about 1,500 members of this organization, in which Doctor Chandler has been associated with me in this movement, and we have saved up in our association, as we call it, 200,000 acres of land, which will be called upon to pay pro rata for the expenses of the Salt River project, for which the Government has already allotted \$3,850,000, and recently the Secretary has allotted nearly \$700,000 more—within a

week. And I may say, gentlemen, right here, in answer to some other insinuations that have been made by people in the city here, that my business here in Washington at the present time is not in connection with this statehood proposition at all; I came here on the 10th of December, and have been actively engaged here and in New York on other matters connected with our irrigation interests. Inasmuch as our esteemed chairman has quoted from this paper—

The CHAIRMAN. No; I did not—

Mr. FOWLER. A paper from the Geological Survey, I want to correct him just a little. The number of irrigated farms was put at 3,867. That was in 1902. They have been increasing right straight along, and there are over 4,000 there to-day. It was also stated there were 247,000 acres irrigated in Arizona. But that was in 1902, my friends. Remember we are not standing still in Arizona, but we are growing. Remember we have a genial sun that makes things grow and grow fast. We are growing down there steadily. Then, in addition to that, reference was made to the possible additional land in Arizona which could be put under cultivation, and it was stated that the increased area might be 500,000 acres. The exact figures, as given out at the present time, are 530,000 acres; but they go on to say:

Recent investigations indicate the possibility of extending irrigation in the plateau regions of the north and elsewhere by pumping to cover approximately 100,000 acres more.

So you take that 250,000 and add the 530,000 acres and you have 780,000, to which you add 100,000 of pumping area, and you have a good many more, and—

It is also believed that dry farming can be extended over certain areas of the plateau region to cover many thousand acres, but no estimate can be given at the present time as to the extent.

Now, one word as to the farm units and the question of population. [Reading from a letter from the Geological Survey]:

The areas now under irrigation are in most cases dependent upon a precarious water supply, and the lands produce only a portion of the products which will be grown with a complete water supply. Under the projects constructed in pursuance of the reclamation act an ample water supply will be available, making it possible for a larger number of people to make a satisfactory living upon corresponding areas. All of the areas reclaimed under the national reclamation act will be in small farm units, thus materially increasing the number of families.

If we had time, I would like to give some illustrations of cases I know of. I know a man who had only two acres irrigated, and he brought up a family and had money in the bank. I can tell you of a good many instances of men of my acquaintance to-day who have raised families on 20 acres in the Salt River Valley, paid for their land, and have money in the bank at present. [Reading]:

There are in the more densely settled parts of the country localities where the irrigated lands support a person to the acre.

And with 230,000 acres under cultivation, 530,000 to be cultivated, and 100,000 acres to come in under the pumping area you have about 900,000 acres, and taking this unit of one to the acre you would have about 900,000 population. But keep in mind that does not include the mining sections; that does not include the stock-growing sections; that does not include a large part of our Territory; it only takes in the irrigated section, and I say, gentlemen, that it is no

dream of imagination to declare that within the next generation Arizona will easily have a million population, and if Arizona has a million population, gentlemen, with all the possibilities which that Territory has, and which have been presented to you here to-day, is not she worthy of statehood along with any of the States of the Union, especially when you remember that our population, the greatest portion of our population, from 70 to 80 per cent of it, come from east of the Missouri River? We are proud to have come from there. I came from Massachusetts, a near neighbor to my friend Governor Powers, and have spent a good many summers in his State. We have the same ambitions in Arizona that you have in Maine or my neighbors have in Massachusetts. We have the same hopes; we want to be citizens of the United States; we want to vote for national officers and national laws and everything of that kind. Please credit us with being at heart and thoroughly as we can be not only citizens, but also patriots.

Mr. LLOYD. You are a Republican in politics?

Mr. FOWLER. I am.

Mr. LLOYD. You were the Republican candidate for Delegate in the last election?

Mr. FOWLER. I was and took second money.

Mr. LLOYD. I only ask that to show the new members of the committee—

Mr. FOWLER. I want to say that I have not come prepared to present anything here, but these were two points that came up that I thought might interest the committee, and if I can answer any questions now I will be glad to do so.

The CHAIRMAN. I would like to know whether you are prepared to state how many farms there are in the valley, in the Gila Valley and its tributaries. I have the figures here. They are given at 260.

Mr. FOWLER. You mean in the Salt River Valley?

The CHAIRMAN. In the Gila Valley.

Mr. FOWLER. That is in New Mexico. There are in the Salt River Valley and tributaries 1,293. I might answer that in a general way by saying this: We have nearly fifteen hundred members of our water users' association, and every member of the association is a landowner and most of them are farm owners. I think it is perfectly safe to say that there are 1,400 or 1,500 farms in the valley. The census figures give us 1,252, and I think there are probably 1,400 or 1,500.

Mr. POWERS. I could not help thinking when the gentleman not only had made this dam a success and irrigated a large number of thousand acres and also had irrigated in the way the gentleman who preceded him told about—a method that might be a success—100,000 or 200,000 more, from under the surface, and had gotten one person to every acre, making 900,000 population—I could not help thinking of Colonel Sellers and his millions in it, who finally had to dine his friends on turnips and cold water.

Mr. FOWLER. I took the unit that is used by the Census Bureau in southern California—and we have as good possibilities, we have as good climate, we have a better soil, we can raise a wider range of products than southern California—and if that unit holds good in southern California, I do not hesitate to make the declaration that it would well hold good in Arizona.

Mr. McKINNEY. You spoke a while ago of reclamation of land made in small farm units. That was a technical expression I did not understand. Does that mean small batches of land that you found capable of being reclaimed?

Mr. FOWLER. Yes; as the result of irrigation. The result of irrigation in any country is intensive farming instead of extensive farming, and instead of a man cultivating 600 acres of land they will be cut up into small units of 10 or 20 or 40 acres. We have a full section, for instance, of 640 acres in the Salt River Valley that is owned by a multimillionaire on which over \$100,000 has been spent on improvements, and it does not meet expenses. Near that are 20 acres where a man went with his wife, with no money, and he has worked on that land and paid for it, built improvements and a brick house, paid for the improvements, raised a family of six children, and has money in the bank. There are the two cases, one intensive farming and the other the millionaire's farming; that is what I mean to say.

The CHAIRMAN. Speaking of the extension of farming, I would call attention to a clause in the report of the governor of Arizona, his last report.

Mr. FOWLER. And a very good report, I think; don't you?

The CHAIRMAN. Yes; I do. He says there has been a yearly decrease in the number of original homestead and desert-land entries, meaning entries of land intended for farm homes, and "this is because the demand for land is limited by the water supply, and practically all the land available for irrigation is already in use." What do you say to that?

Mr. FOWLER. There is a double answer to that. In the first place, most of that land has been withdrawn from entry. That is one reason for it. And, in the second place, we are now developing our water supplies, and not until we do develop those water supplies in the way that the Government is undertaking at Yuma and in the Salt River Valley and the way it is being done by settlers in the Gila Valley and the San Pedro and elsewhere, will we reach our possibilities. We have to grow as Michigan grew, I suppose, from humble beginnings.

The CHAIRMAN. He says this is practically suspended until the Government shall be ready to invite settlers for land under a new irrigation system.

Now, did I understand you to speak of the Copper Queen Consolidated Mining Company? Was it you or the gentleman preceding you? I believe you said you know most of the men?

Mr. FOWLER. I know most of the leading men throughout the Territory, as a man naturally would who is unfortunate enough to get into politics and campaign throughout the Territory, and I can say that they are fine men and I am glad to have made their acquaintance.

The CHAIRMAN. In that connection, I desire to call your attention to a statement made in the report of the governor, that mines are taxed less than 5 per cent of their actual value in Arizona—

Mr. FOWLER. Which I presume is true, if the governor said so. I have all faith in Governor Kibbey.

The CHAIRMAN. Now, the Copper Queen Consolidated Mining Company—

Mr. FOWLER. Did you want to continue that question any further about the taxation?

The CHAIRMAN. I thought that was a complete answer.

Mr. FOWLER. Very well, then; but I want to say in reference to that that we know that is true down there, just as we know that the dance halls and the gambling hells in Arizona are not the best things we could have there. But, if I am correct, Tucson has shut down completely on its gambling hells. Phoenix—when I went to Phoenix—and do not connect these things together—when I went to Phoenix in the gambling rooms every night there were women, dancers and singers. The city council has taken hold of it and has absolutely abolished it. And the next step will be—it was the step talked of in the last municipal campaign—to abolish gambling in the city of Phoenix. Give us a little time, gentlemen. We have got to grow, and we are growing right along in the right way, and because we are having a current of the best manhood, education, character, coming down into Arizona from the East, from Michigan and Maine and New York and Illinois and these other States. The governor, with the Territorial board of equalization, has taken that matter in hand in a manful, bold, and courageous way. The matter will settle itself in a little while, gentlemen; it will adjust itself, it is being adjusted, and it is being adjusted by ourselves, although the responsibility does not rest on us. It is being adjusted by ourselves, though, I say. We will adjust that to the satisfaction of the taxpayers, the best class of taxpayers in the Territory.

The CHAIRMAN. Your quotation was from an interview with Mr. Dodge, was it?

Mr. FOWLER. From President Douglas, the president of the company.

The CHAIRMAN. He represents the Copper Queen Consolidated Mining Company?

Mr. FOWLER. He does.

The CHAIRMAN. And that has an authorized capital of \$2,000,000 and a stock of \$2,000,000, I find, and I have a reference here which states that this company is assessed on a valuation of \$56,513.50, and that it is estimated to be worth \$150,000,000. What commentary would you make on those figures?

Mr. FOWLER. I think that I should make just about the same commentary that my friend from Michigan would. I believe that every organization, every business and commercial organization, as well as every individual, ought to bear its fair share of the expenses of the administration of government, State or national.

The CHAIRMAN. Then, without any bias, intending to be absolutely fair and not to cast any discredit upon any corporation or individual, would it not seem to you that under conditions where mining corporations are taxed less than 5 per cent of their true valuation those mining corporations might prefer to be continued under present conditions rather than to be incorporated into other conditions, where they might be required to pay their proportionate share of taxation?

Mr. FOWLER. And yet they were the very ones, and the very citizens, all over Arizona, that have been working for years for single statehood. That is an answer.

Mr. POWERS. Would they not be in exactly the same condition with single statehood that they would be in now?

The CHAIRMAN. Single statehood would leave them a political entity the same in size as their present Territorial entity.

Mr. FOWLER. Arizona?

The CHAIRMAN. Yes.

Mr. FOWLER. Yes; we hope so.

The CHAIRMAN. And it might possibly be supposed, without any reflection on anybody, that they might feel that they might exercise influence, beneficent or otherwise, upon a State entity to some extent in proportion to their influence upon their Territorial entity.

Mr. FOWLER. Is that really a question before you in committee at the present time?

The CHAIRMAN. I think so.

Mr. POWERS. Who assesses your taxes? Have you a board of valuation?

Mr. FOWLER. The assessors.

Mr. POWERS. And who elects the assessors?

Mr. FOWLER. The people; but this mining business is a little complicated, gentlemen. There is one point that has been suggested to me that I had forgotten, which perhaps you ought to be aware of, and I was going to say this particularly for the benefit of the chairman of the committee. That under the laws of the United States many of these mining properties are not patented. Until they are patented they are Government land, and consequently the owners get rid of local taxation.

Mr. POWERS. Is that true of this Phelps-Dodge Mining Company?

Mr. FOWLER. I do not think it is; no; but it does refer to a good many mining properties not only in Arizona, but everywhere all over the country. But I want to make one more observation than I have done, and that is, I think that Judge Moon's point has been well taken [referring to argument between members of the committee that was not reported], and for this reason: Take this one firm you speak of, Phelps, Dodge & Co.; they employ and have connected with their business over 10,000 people. Many of those people are in New Mexico and many in Arizona, and I can not see how that has any important bearing on this question at all, because if the two Territories should join together that large mining company would exercise a powerful influence in New Mexico, just the same as it would exercise, naturally, quite an influence in Arizona.

The CHAIRMAN. Its influence is so large it might be exercised without diminution, really, of its power.

Mr. FOWLER. We can tax those mines, but we have never done it. We have been trying for a number of years to get some legislative action, and when I was in the legislature a few years ago the matter of bullion tax came up and a bill was introduced. I did not draw the bill myself. That was defeated, and I was glad it was, because, in my judgment, it was not rightly drawn. The time will come, however, when we will have a bullion tax, but I am not in favor of it until it is on a fair basis to every mining man in the Territory. Until then I should oppose it.

Mr. BEALL. What State were you originally from?

Mr. FOWLER. Massachusetts. I lived there forty-five years.

Mr. BEALL. Do you think there is a city in Massachusetts where more than 5 per cent of the money that is in the banks at the time when the taxes are supposed to be assessed is assessed for taxation?

Mr. FOWLER. I am not compelled to say anything that incriminates myself, am I—or my State?

Mr. BEALL. Or in any other city that you have any knowledge of?

Mr. FOWLER. I think I should hold the same opinion as you would on that subject, sir.

Mr. POWERS. Do you think two wrongs make a right?

Mr. BEALL. No; but you are condemning the Territory for the same condition that prevails in every State in the Union.

The CHAIRMAN. And still, in that connection, when a man is required to make a statement as to his property he must include in that statement, must he not, his money on deposit in bank?

Mr. BEALL. Yes, Mr. Chairman; but right in the face of the assessor stands the report of the national banks that there are \$20 in the bank to every \$1 assessed, and who has the right to go behind the returns?

Mr. POWERS. I want to say that the offset of that is this: Take all the deposits in Boston to-day of the various banks and trust companies, and take the liabilities of those same depositors, and the liabilities will sweep them out of existence.

Mr. BEALL. There may be some liabilities connected with these mining companies, too.

The CHAIRMAN. Just one question in regard to something Mr. Fowler stated. The Chair desired to inform the committee, and himself incidentally, in relation to the number of patents which have been issued in Arizona, and wrote the Secretary of the Interior. His reply is dated January 16, and is as follows:

JANUARY 16, 1906.

Hon. E. L. HAMILTON,

Chairman Committee on Territories, House of Representatives.

SIR: In reply to your telephone inquiry to be advised as to how many mineral entries are now pending before this Bureau from Arizona, upon which patents have not yet issued, I have to advise you that there are pending here to-day, from Arizona, 47 mineral entries upon which this office has taken action and had to call upon the local office there for additional evidence, and 142 mineral entries upon which no action has, as yet, been taken.

In reply to your inquiry to be informed as to how far in arrears is the examination and patenting of mineral entries from Arizona, I have to advise you that this work is, at the present time, approximately five months in arrears.

Very respectfully,

W. A. RICHARDS, *Commissioner.*

Mr. FOWLER. But these cases I referred to are cases where men do not apply for patents at all. They do their assessment work every year. If they patent a mine, they are not obliged to do assessment work any longer. As property of the United States, it is not open to taxation.

(Thereupon, at 5.15 o'clock, the committee adjourned until tomorrow, Friday, January 19, 1906, at 10.30 a. m.)

COMMITTEE ON THE TERRITORIES,

HOUSE OF REPRESENTATIVES.

Friday, January 19, 1906—2 o'clock p. m.

The committee met pursuant to the taking of recess, Hon. Edward L. Hamilton in the chair.

Mr. REID. Before we continue the hearing, Mr. Owen, of Muscogee, is here and asks for just one minute before the committee.

The CHAIRMAN. We are in this position. Mr. Andrews was promised an opportunity to speak for a minute, and we have devoted two

hours this afternoon to these gentlemen from Arizona, and they think it doubtful if they can finish in that time.

Mr. REID. Mr. Owen wanted only to make a request of the committee.

Mr. SMITH. I think that he ought to be given that opportunity.

The CHAIRMAN. If he merely wants to make a request, very well.

Mr. OWEN. Mr. Chairman and gentlemen of the committee, I wish to make an application to be heard on behalf of the State of Sequoyah. We have about a million people, and we think we are entitled to be heard. We ask that.

The CHAIRMAN. Very well. We can not state at this time whether we can give you a hearing. That is a matter to be considered by the committee. Mr. Andrews, will you proceed?

**STATEMENT OF HON. WILLIAM H. ANDREWS, A DELEGATE FROM
THE TERRITORY OF NEW MEXICO—Continued.**

Mr. ANDREWS. Mr. Chairman and gentlemen of the committee, a few days ago I was here at a meeting of the committee, and my friend Mr. Moon was present, and some others here, and I made a statement that I thought the native population of the State of New Mexico, which I have the honor to represent, would be 70 per cent native and 30 per cent American. There are 12 counties in the State of New Mexico which are American by a good majority. There are 8 native counties and 5 that are divided—that is, part American and part native. I would say to Mr. Moon and others that were here that day that I think 50 per cent would be a fair average. I wish to somewhat change my statement made the other day. Mr. Rodey, who was my predecessor here, thinks that it would be less than 50 per cent native; but that would be my judgment.

That is about all I have to say at the present time.

The CHAIRMAN. What proportion of those are English-speaking people?

Mr. ANDREWS. I presume four-fifths of the natives speak English. You might travel through the Territory everywhere—I have traveled all over it—and very seldom would you meet a native who could not talk to you in English. Of course, they have interpreters in the courts, as they have them in all States. They have them in Pennsylvania, the State that I was born and raised in. There is hardly any State where they have any foreign population in which they do not have interpreters. But the educational clause is very strict in New Mexico, and English is taught in the public schools.

Mr. LLOYD. What is the composition of the legislature of the Territory, native or American?

Mr. ANDREWS. I was in the council three years ago—the last council but one—and there were 5 natives to 7 Americans. The house had at that time, I think, 12 or 11 natives, and the balance were Americans.

Mr. LLOYD. How many Americans?

Mr. ANDREWS. There are 20 in the house.

Mr. LLOYD. It was 11 to 13, then?

Mr. ANDREWS. I think that the legislature would average three or four Americans more than natives, as a rule.

Mr. SMITH. Is not that the only legislature that ever did, to your knowledge of the Territory, have an American majority?

Mr. ANDREWS. I could not answer that. I have been there for twelve years. I have been there twelve years, and in all the legislatures that I knew of during that period they had a majority in the lower house of Americans. They had a majority, but they had natives in all the branches.

The CHAIRMAN. You mean by "natives" men of Spanish descent?

Mr. ANDREWS. Yes, sir; native born.

The CHAIRMAN. That is, born in the Territory of New Mexico?

Mr. ANDREWS. Yes, sir. Of course, the larger number of them have been born since the formation of the Territory.

The CHAIRMAN. They also spoke English?

Mr. ANDREWS. They had an interpreter in the legislature, but they could talk English. I do not know of a member that sat in a legislature that I had anything to do with that could not talk English.

The CHAIRMAN. They were competent legislators?

Mr. ANDREWS. Yes, sir; and they were very good citizens.

Mr. SMITH. Are you here favoring separate statehood?

Mr. ANDREWS. I will tell you my position. In New Mexico, prior to this bill, or say up to last year, the people were for single statehood. I was practically elected on a single statehood platform; but two years ago, before the assembling of Congress, the Territorial Republican committee was called together and instructed me to put in a single statehood bill, which I have done here; but they then came on here—the chairman of the committee and the Territorial committeeman—that is the national committeeman—and have been very strong against joint statehood. But when they saw the recommendation of the President and the action of the conference, or the caucus, or whatever you might call it, or the Republican members of the House by a majority vote, they went home satisfied.

Mr. SMITH. Do you mean to say that Mr. Luna and Mr. Burton are for joint statehood; that they are for joint statehood now?

Mr. ANDREWS. Yes, sir.

Mr. SMITH. They are now?

Mr. ANDREWS. Yes, sir.

Mr. SMITH. I have some letters that I will offer later. Now, let me ask you, did not Mr. Rodey advocate joint statehood for Arizona and New Mexico, and did you not appear in the convention in New Mexico and run on a single statehood platform and get the nomination, and were you not elected on that platform, pledged to support the separate statehood bill?

Mr. ANDREWS. I was elected on a single statehood platform.

Mr. SMITH. Yes.

Mr. ANDREWS. And the only reason that there is any change in the Territory is because of the change in the situation. I think that if the matter was submitted to-morrow they would defeat it. But if it passed, it would probably work through, so far as New Mexico is concerned. And if you will tell me—if any member of this committee will tell me—any modus operandi by which we can get in as a separate State, I will be very grateful.

Mr. SMITH. That was the position that Mr. Rodey took before you, and yet you took the nomination from him by standing on that platform?

Mr. ANDREWS. Oh, of course, I was elected on that platform.

Mr. SMITH. All right, then.

Mr. ANDREWS. If you can get in alone, all right. They would much prefer it; but if there is no show on earth for you to do that, then what are you going to do about it? We have a large population there, and we are very anxious to get in, and we will get in some way, I suppose, some time.

Mr. MOON. You have lived twelve years in the Territory?

Mr. ANDREWS. Yes, sir.

Mr. MOON. And you are the Representative, the Delegate, from your Territory here?

Mr. ANDREWS. Yes, sir.

Mr. MOON. Yesterday you were of the opinion that 70 per cent of the population was Mexican.

Mr. ANDREWS. I said that, but when I came to investigate the statistics, and looked over the list of counties, with their populations, I was of the opinion that that statement was not correct.

Mr. MOON. That is all right about your statement. I am just testing your means of information.

Mr. ANDREWS. The counties bordering on Texas have no Mexican natives. They are all white American counties, and they are all Democratic. There are very few Republicans over in that section.

That is all I want to say, now, Mr. Chairman. I would like to be heard after I hear some of these other gentlemen.

The CHAIRMAN. Whom will you present next?

Mr. HEARD. I want to call your attention, Mr. Chairman, to the fact that it is now fifteen minutes after 2. We told you that we would try to get through with our presentation in about two hours. We may be somewhat delayed, owing to this delay at the start.

The CHAIRMAN. Mr. Andrews occupied five minutes. We still want to urge you to try to get through.

Mr. HEARD. We will proceed as rapidly as possible in order to have an opportunity to properly present our side; we do not want our time cut short.

The CHAIRMAN. I think that we have given you a good opportunity.

Mr. HEARD. Yes, sir; I appreciate it, and we thank you very much.

The CHAIRMAN. We hope that you will try and finish in your time.

Mr. MOON. I want to make this suggestion. What is the hurry about this bill, anyway? We have four or five months before us on this bill. We might have hearings for three weeks.

The CHAIRMAN. We have had two or three years of hearings, now.

Mr. HEARD. The first speaker for Arizona this afternoon will be Mr. A. J. Doran, a former member of the Arizona legislature, who has been a native of Arizona for thirty years, and who has known conditions there, particularly in relation to mining, for many years, and who will address you particularly in reference to mining and our Territorial institutions.

Mr. SMITH. And who was a nominee for Republican Delegate to Congress.

Mr. DORAN. Yes.

STATEMENT OF MR. A. J. DORAN, OF PRESCOTT, ARIZ.

Mr. DORAN. Mr. Chairman and gentlemen of the committee, it gives me pleasure to appear before you in behalf of our Territory, and I think this delegation fully appreciates the courtesy which has been extended to them by this committee. As Mr. Heard has said, I have been a resident of the Territory of Arizona continuously since 1876, principally engaged in mining, although at times in other pursuits; and I knew something of Arizona, or of the territory which now composes or constitutes the Territory of Arizona, long prior to that. I traversed that Territory in 1862. I belonged to General Carleton's column, the California column, which entered that Territory during the war. Consequently I know something of the conditions and the people who were there at that time, and have been familiar with the Territory, its progress, and its people ever since.

Little did I think when I traversed those seemingly desert plains at that time and looked upon either hand at the rugged, inhospitable mountains, that those plains would be reclaimed and a thrifty, intelligent, patriotic people would populate that country, and that in the mountains lay hidden the most wonderful treasures of wealth which have been opened up, until to-day Arizona is giving to the world, and particularly to the people of this country, about forty millions of dollars in the useful and precious metals during the year. This product has been going on, and the development made there has been going on, say, from about the year 1878.

In my remarks to-day I am going to be very brief, and I am going to confine myself absolutely to the questions that have been asked, and that very briefly. In the first place, and before I proceed, I want to do just what this delegation has come to Washington to do; and it seems strange that we would have to come here to do it. Arizona is populated with as patriotic and intelligent a people as can be found in any country in the world. There is no State, there is no place, in this Union where people are devoted as thoroughly to the flag and to our institutions as in Arizona; and it is strange that we should have to come to Washington as citizens to protest against what we esteem to be our rights being taken away from us. And I make that protest as a citizen of Arizona. In behalf of the citizens of Arizona I now earnestly make that protest.

Mining is one of the principal industries in the Territory, and in no part of the world, I think, are the useful and precious minerals so generally distributed as they are in that Territory. There is only one county in the Territory—Apache County—in which minerals are not found. So important is that industry that great cities have been built up from the products of a single mine. The principal minerals are copper—ranking first in importance—gold, silver, lead, zinc, and all of the associate minerals with the gold and silver and the copper.

At Jerome is the great United Verde mine. I will take that as an example. My time will not permit me to go through the category of all the mines and to call your attention to all those mines.

The CHAIRMAN. Pardon me for calling your attention to the fact that the speeches were to be limited to, I think, ten minutes.

Mr. DORAN. Yes, sir; I want you to call me down after ten minutes.

Mr. HEARD. I should like to ask that a slight extension of time be given to Mr. Doran.

(The committee granted the extension of time.)

Mr. DORAN. Have I consumed ten minutes?

The CHAIRMAN. Yes; unless my watch is out of order.

Mr. DORAN. I will take, I say, the United Verde copper mine at Jerome as an illustration of this. That produced about twelve hundred tons of copper per day; copper ores reduced at the mine; that supports a population of about 3,000 people. The same may be said of other great mines in the Territory, where great populations are supported by the mines alone.

As my time is so limited, I will pass from mining, having impressed on your minds the great possibilities and the great wealth of that country and the future possibilities, and I assume that you know them just about as well as I do. I will pass to another phase of this question, as one which has been brought directly to the attention of this committee—the question of the taxation of mines. That is one of the most difficult things in the world to arrive at, the value of a mining property, from the simple fact that everything is in the ground. Nothing is revealed until the ores are broken down and brought to the surface and their values ascertained. The legislature, of which I have been a member in that Territory, has tried to remedy that matter of the taxation of mines, and I am of the opinion to-day, notwithstanding the recommendations of our governor, that the mines are taxed as high in proportion as any other property. But the only way, in my opinion, to arrive at just taxation of the mines, if there is any discrepancy, is to pass a bullion tax, a gross bullion tax. And then again, it is only the patented mines which can be taxed. As to unpatented mines, no difference what their value may be, their title is in the Government and the assessor has no right to tax them.

We will let that pass, then, so far as the mining proposition is concerned, and I want then to call your attention, having been in the legislature for the last five sessions and being familiar with nearly every public man in the Territory, to another matter. I want to say that our legislatures are just as clean from corruption and their members of as high a standard as any legislative body in the country, and in the legislatures in which I have served I have never seen one single thing which led me to think that the legislators were corrupt—were dominated by corruption or by unnatural influences.

I want to say to you, Mr. Chairman and gentlemen of the committee, we have paid taxes, the people have paid taxes, and in case of this merger what is going to become of those things which are the assets to offset that great debt which we have? Our capitol, our two normal schools, our great university, our insane asylum, our penitentiary, our reform schools, and so forth, they are assets to offset this debt. I believe to-day that Arizona is entitled by every consideration to single statehood, and I am a single-statehood man, and I think that instead of coming here to Washington to-day to fight against jointure we should be here asking you gentlemen to admit us as a State in the Union. Since there are so many other people who want to be heard, I will at this point desist from further statement.

The CHAIRMAN. You have spoken about fifteen minutes.

Mr. DORAN. I thank you for the courtesy.

The CHAIRMAN. It may be that some members desire to ask you some questions. Do any of the members of the committee desire to submit any inquiries to Mr. Doran?

If no one else has any question to ask, I am going to ask you one or two. I understand that you have had some special experience in mining in Arizona?

Mr. DORAN. I have been engaged in mining during the entire time of my residence there.

The CHAIRMAN. Do you know, in a general way, the prominent mines of Arizona?

Mr. DORAN. I do.

The CHAIRMAN. I call your attention to the United Verde Copper Company mines. Where are they located?

Mr. DORAN. In Yavapai County, 20 or 25 miles east of Prescott.

The CHAIRMAN. At a town called Jerome?

Mr. DORAN. Yes, sir.

The CHAIRMAN. You speak about ascertaining the value of mining property; that difficulty is not to be found in connection with the United Verde, is it?

Mr. DORAN. I think it is just as difficult to ascertain the value of the United Verde mine by an assessor as any other of the mines of the Territory.

The CHAIRMAN. It has been stated by Mr. Walter Wellman and, I believe, by Mr. William E. Curtis, both of them prominent correspondents who visited New Mexico, that quantities of ore were in sight at the United Verde. For instance, Mr. Wellman stated that \$150,000,000 worth of ore had been taken from that mine, and that in connection with some hoisting apparatus, there was about \$12,000,000 worth of ore in sight under that hoisting apparatus which it was proposed to move. Is that approximately a correct statement?

Mr. DORAN. I think it is. I will give you a statement made to me by Senator Clark about a year ago in conversation with him. He said at that time he had ore enough, approximately, in sight in the United Verde mine to run his plant, which reduces about 1,200 tons to 1,500 tons a day, for fifty years.

The CHAIRMAN. Yes; so that it would not be a wild estimate to say that there were \$150,000,000 worth of ore in sight?

Mr. DORAN. I do not think it would.

The CHAIRMAN. That matter is stated as follows: On valuation, assessed valuation, mines, \$312,925; buildings and machinery and so forth, \$582,500. Is that a fair assessment in proportion to the value of that mine and its annual output?

Mr. DORAN. Well, I do not think it is, Mr. Chairman.

The CHAIRMAN. In other words, it is said that that mine yields \$3,000,000 worth of ore and upward, and it is assessed on a valuation of much less than \$1,000,000, is it not?

Mr. DORAN. I think something like that. I am not familiar with the amount of the assessment. But let me ask how that would be remedied by this proposed jointure?

The CHAIRMAN. I suppose that is a matter of argument, Mr. Doran. I am simply endeavoring to ascertain the facts.

Mr. MOON. What is the fact? Is it assessed at a third of its value?

The CHAIRMAN. No, sir; it is assessed at less than a million dollars, with the machinery, the mining outfit; and the returns from it

in a single year run from \$3,000,000 upward, and it is stated that there are more than \$150,000,000 worth of ore in sight.

Mr. MOON. I take it that you have to assess annually upon what it produces, if that is the proper way of assessment at all, and if it produces annually \$3,000,000 and you paid a tax on a valuation of a million dollars, that would be about in conformity with taxation elsewhere?

The CHAIRMAN. Their system of taxation is not that. It is set forth by the governor in his report, on page 18. I call the attention of the witness to the governor's report. His language is as follows:

All property except, of course, that exempted, must be assessed at its full cash value. The term "cash value" is expressed by statute to mean the amount at which the property would be taken in payment of a just debt due from a solvent debtor.

That fixes the standard of valuation in Arizona.

Mr. WEBB. Is not that true in all States?

The CHAIRMAN. I can not say.

Mr. WEBB. Is it not true that the valuation for taxation is never as high as the actual value; that in some States it is 40 per cent and in some States 60 per cent, but that the average is about 66 $\frac{2}{3}$ per cent?

The CHAIRMAN. That is a fair matter of argument. I do not know about that. But I wanted to get at this. The governor in his report states what I have read, and I have forgotten whether the witness commented upon that. The governor's report has been referred to here, to the effect that the mines are assessed at less than 5 per cent of their true value, and he says that that has been a cause of complaint for many years by governors in their annual reports. That is a pretty good statement as bearing upon the question whether the assessment there is fair or not.

Mr. DORAN. Mr. Chairman, if you will permit me, that is an assumption on the part of the governor. He only speaks for himself. It is a matter of fact. I have been an assessor out in that region there, and it is an absolute fact that all property is undervalued, that no property is assessed up to more than two-thirds of its valuation, for the purpose of taxation—that property which can be gotten at and its value ascertained. The trouble in assessing a mine is to find out what the value is, where the ore is, and what the values of the ore are; and that can not be discovered until the ore is brought to the surface and reduced.

The CHAIRMAN. And still your governor finds fault.

Mr. SMITH. And still he recommends joint statehood.

Mr. MOON. This suggestion might be made, that when the ore is brought to the surface it becomes personalty and it is no longer real property, to be taxed like real property in the mine, and it ought, perhaps, to be taxed as personalty and not as a part of the mine.

The CHAIRMAN. That might be said.

Mr. LLOYD. Are there any copper mines in Michigan?

The CHAIRMAN. I think so.

Mr. LLOYD. Do you know how they are assessed?

The CHAIRMAN. No, sir; I do not.

Mr. LLOYD. I want to get at the question of how mines are assessed. I have no knowledge on that subject. I do not know anything about it; but I take it that mines will be assessed all over the country not

on what the value of the mine will be, but on the value of the output.

The CHAIRMAN. Suppose you put it on the value of the output.

Mr. LLOYD. The value of the output here is a little over \$3,000,000.

The CHAIRMAN. It has been stated by Mr. Wellman that it has been as high as \$10,000,000 a year, and they have taken out \$90,000,000 from it.

Mr. LLOYD. Suppose that it is \$10,000,000, and the assessment is \$1,000,000; that is not so bad.

The CHAIRMAN. That is matter for argument. The governor says that it is pretty bad.

Mr. LLOYD. I just want to get at how these things are assessed. If mines are assessed at a nominal sum in the States of the country, we ought not to expect them to be assessed in any other way in Arizona. I do not know what the rule is with reference to mines. We have mines in my own district—coal mines—very extensive, and mines that are producing a million dollars a year. But I am well satisfied that there is a nominal assesment on every one of those mines. They are assessed so much, according to the output; that is my recollection of it. I have not the figures before me.

The CHAIRMAN. Of course, I think that the statement of the governor in regard to that ought to be accepted as fair.

Mr. LLOYD. Of course, I do not think that any mine in Arizona is paying what it ought to pay. I am very sure it is not; but it may be that all the mines of the country are not paying what they ought to pay.

Mr. POWERS. I do not know anything about mines. I understand you to say that this is assessed on the copper in sight and the gold in sight, and that is part of the earth. I do not know what the custom may be, but—

Mr. LLOYD. It may be that in making this assessment, when they say \$150,000,000 worth of ore is in sight that that is problematical.

Mr. POWERS. I think you can estimate very closely. I think that you can estimate the value of the product of a mine very closely in that way, and you can sell on that estimate as well as you can anything else.

Mr. LLOYD. I think that is unquestionably true.

Mr. KLEPPER. I would like to ask a question. I understand that you have been an assessor in Arizona and out in that country?

Mr. DORAN. Yes, sir.

Mr. KLEPPER. You assessed all classes of property?

Mr. DORAN. Yes, sir.

Mr. KLEPPER. On what basis did you assess the farm property?

Mr. DORAN. We assessed it on about a basis of two-thirds of its cash value.

Mr. KLEPPER. Then you did not assess it on one-third of what it would produce a year, did you?

Mr. DORAN. It was not a question of what it would produce.

Mr. KLEPPER. If you did not assess the farming lands on a basis of one-third of what they would produce a year, why did you assess this great mine, with all its wealth in sight, on what it would produce a year?

Mr. DORAN. I was not the assessor.

Mr. KLEPPER. Why is that done in your Territory?

Mr. DORAN. It is almost a universal rule that values for the purpose of taxation are not brought up to the actual value of the property.

Mr. KLEPPER. Do you not think there is rank discrimination when you compare the way mining property in the Territory of Arizona is assessed with the way farm property is assessed? Do you not think it is very much underestimated, and that the practice is a rank discrimination against that class of wealth?

Mr. DORAN. I do not think there is purposely a discrimination. I tried to make myself understood, and as I said, there is absolutely no way—the law does not provide any—by which the assessor may ascertain the value of a piece of mining property, except from the surface, because he has no right to go into the mine and make an examination and estimate, and to have assays made at the expense of the Territory to determine the value of the ores.

Mr. KLEPPER. Upon what basis do they assess these mining properties?

Mr. DORAN. The assessment of the mining properties out there has been on a patented basis; that is, a patented mine was originally assessed, in the county in which I live, by the assessor at \$750. The Territorial board of equalization last session raised that valuation 100 per cent, making each patented mining property of the Territory, including the United Verde mines, subject to that taxation. They included about 125 patented mines.

Mr. MOON. Is this particular mine we are talking about patented?

Mr. DORAN. The principal mines in the United Verde group are patented mines. The assessors in arriving at their value had assessed them at \$750 each, and the Territorial board of equalization raised that 100 per cent. That makes \$1,500 for the United Verde, which is supposed to be worth millions of dollars. Now, the mine which is not producing at all and has absolutely no value in it and a patented mine in some other section, or even right around in the vicinity of this United Verde, is taxed for \$1,500 just the same.

Mr. POWERS. Do you claim that the mines out there now that are not producing at all have absolutely no value?

Mr. DORAN. Yes, sir.

Mr. POWERS. Do they not still have large sales of mining property out there constantly, and are not they changing hands for large sums, even though they have no value?

Mr. SMITH. That just shows how little a man can know about the mining business.

Mr. DORAN. Not if the men are honorable citizens of the Territory.

Mr. POWERS. Have you not known mines sold that were not producing at all?

Mr. DORAN. Yes, sir; I have, and I have known of mines that were of inestimable value which were sold very cheap.

Mr. POWERS. I have no doubt that a mine that is not producing at all, and with some reason for it, may not be valuable; but are there not mines that are not producing at all that have the value?

Mr. DORAN. But under the situation out there a mine that is absolutely worthless and is still patented pays the same tax as the United Verde mines.

Mr. POWERS. It pays just the same?

Mr. DORAN. Yes, sir.

Mr. POWERS. I do not think that is fair.

Mr. BRICK. Take a mine like the one you have spoken of, what is the basis for the value of the mine itself?

Mr. DORAN. Only the sale of the stock. That is the only way the public could find out anything in regard to its value.

Mr. BRICK. That would make a pretty fair estimate, taking the sales of the stock, of the market value?

Mr. DORAN. Yes, sir.

Mr. BRICK. Regardless of what you could see?

Mr. DORAN. Yes, sir.

Mr. BRICK. And that would make a pretty fair basis of taxation; regardless of value, I mean?

Mr. DORAN. Yes, sir. But, in answer to that more fully, I would say this: The difficulty comes right here, that many of the most valuable mines are owned by private individuals, and there is no stock on the market. They are close corporations.

The CHAIRMAN. It is matter of common knowledge, is it not, in your Territory that \$25,000,000 in cash was offered for the United Verde mine recently? I quote from William E. Curtis, who went out to Arizona, who represented the Chicago Record-Herald and other newspapers in the United States, and who is a very good correspondent indeed. I believe that he was a guest of Governor Murphy. He says, under date of August 12:

Senator William A. Clark, of Montana, was offered \$25,000,000 in cash by an English syndicate not long ago for the United Verde copper mine, and he told me he refused it because he did not know what to do with the money.

Is that a matter of common knowledge in the Territory?

Mr. DORAN. It is; I should say that that is a matter of common knowledge and repute in that Territory. It is credibly understood out there that he refused \$60,000,000 for the property.

Mr. BEALL. This mine where there is supposed to be \$150,000,000 of ore in sight, under the rate of taxation that prevails in Arizona, State or Territorial, county or city, which I understand gives an average of about 3 per cent, would not the taxes upon the mine be about \$4,500,000 a year, or, in other words, in excess of the actual amount of the output of the mine?

Mr. DORAN. It would.

Mr. BEALL. Would that be a fair basis of taxation?

Mr. DORAN. I do not think it would.

Mr. BEALL. What would be the result to your mining industry under that system of mining taxation?

Mr. DORAN. It would absolutely ruin the mining industry of the country?

Mr. BEALL. Is there such a thing as a mine being exhausted?

Mr. DORAN. Yes, sir.

Mr. BEALL. After it is exhausted, what is it worth?

Mr. DORAN. Absolutely nothing.

Mr. BEALL. Something was said about there being enough ore in sight in this mine, or enough ore in the mine, to require fifty years to get it out. If that is true, at the end of the fifty years what would it be worth?

Mr. DORAN. It would not be worth anything.

Mr. BEALL. Take your farm, and suppose that you cultivate a farm fifty years in alfalfa, or something like that, at the end of the fifty years would the value of the farm be decreased or affected?

Mr. DORAN. Certainly, if the soil was exhausted.

Mr. BEALL. By the alfalfa or the crops that you cultivate out there?

Mr. DORAN. Did I understand your question?

Mr. BEALL. You take the agricultural land that has been mentioned?

Mr. DORAN. Yes, sir.

Mr. BEALL. And you cultivate that for fifty years in a proper manner; would the value at the end of fifty years be increased or decreased, as compared with its value now?

Mr. DORAN. The use of land for that length of time—I do not care for what it is used or where it is situated—if it is not kept up to the standard of fertility, will decrease its value.

Mr. SMITH. But if you do keep it up?

Mr. DORAN. It is just as good or better at the end of that time, if you do keep it up.

Mr. HEARD. May I answer that question, Mr. Chairman, as I am particularly a farmer?

The CHAIRMAN. Certainly.

Mr. HEARD. I will state that it is a well-known fact that alfalfa lands increase in value every year they are farmed, if they are properly farmed, and the alfalfa farm that is cultivated for ten years in that crop is very much more valuable than before it began to be farmed.

Mr. BEALL. Would it be fair to apply the same rate of taxation to two classes of property, one of which at the end of fifty years would be absolutely worthless, and the other of which at the end of fifty years would probably be of an increased value?

Mr. DORAN. No, sir; I do not think it would.

Mr. POWERS. Just one question, as showing that it would be confiscation if we taxed it this way. You have to raise a certain amount of money for school purposes and other purposes?

Mr. DORAN. Yes, sir.

Mr. POWERS. And the larger you make your multiplicand the smaller will be the multiplier—that is, the more mines you have to tax, the smaller will be your tax?

Mr. DORAN. Yes, sir.

Mr. POWERS. And if you taxed this mine in this way, your rate of taxation would have to be very low to get this money. If you make your multiplicand large, you get the same results with a very small percentage, and if you make it small, you have to have a high percentage?

Mr. DORAN. Yes, sir.

Mr. POWERS. Now, the statute of your State says that you shall value that mine at the fair market value. I think that is the only correct standard of valuation.

Mr. DORAN. Possibly, Governor. That is the language of all the laws in every State.

Mr. POWERS. So that confiscation would not follow if you raised the rate?

Mr. DORAN. Yes, sir.

Mr. HEARD. May I call your attention to the fact that the cross-examination of this witness has taken up thirty-one minutes?

The CHAIRMAN. A little more than that, perhaps.

Mr. HEARD. And it will therefore be impossible for us to conclude the presentation of our case to-day.

The CHAIRMAN. I think we can manage it.

Mr. SMITH. Before Mr. Goodrich starts, I want to make a suggestion. The point has been made here, and I want to be absolutely frank with the gentlemen who are making this cross-examination about this taxation business, that they had the same trouble there that you had about properly taxing the Michigan mines. Their output is \$150,000,000 a year. If you examine and see the rate of taxation they pay in your district, you will see the same conditions in regard to taxation.

The CHAIRMAN. As to that—

Mr. SMITH. Do not interrupt me, if you please, Mr. Chairman.

The CHAIRMAN. You are addressing yourself to me.

Mr. SMITH. It is impossible for us to correctly estimate the value of the Copper Queen or of the United Verde mines, unless we do it on the gross proceeds of those mines. We have tried every plan known, and Mr. Doran and other legislators, and Mr. Morrison, and all these gentlemen know that it is the purpose of the people to get the money from these mines by their proper taxation, and we propose to do it. Now, you can not take \$150,000,000 in sight in a mine as a basis. Mining is the most hazardous business in the world, as everybody knows. The great Comstock Lode, that gave to the United States the power to resume specie payments, gave out suddenly in the course of years. It will happen to all these mines. Others will be discovered, of course. You can not take \$150,000,000 in sight, because that amount has to be determined by deep borings and extended operations all through that vein at different places. And say that that is shown. How are you going to tax that mine, assuming that it has that \$150,000,000 worth of ore?

And then another proposition: The great development of that wealth has been built on this proposition, and that is that every possible thing that could go toward the establishment of the great industry of mining has been done by the very people that had these mines since the dawn of time, and they will keep it up so long as people have to go through the awful trouble and danger of mining operations to get out these returns. We can not tax them that way, but we propose to tax them the other way.

Another thing: There is \$150,000,000 worth of ore down 3,000 feet in the bowels of the earth, and it has to be gotten out by extensive and costly machinery, and it takes thousands of men to operate it. We are paying four and a half and five dollars a day and more to thousands of laborers. Great towns are springing up, and these laborers thus paid make a rich, strong market for everything that is raised by the farmer, and the mine, instead of being a thing to be oppressed in this way by taxation, is a thing that should only be taxed by a fair proportion of its gross proceeds.

Then the suggestion is made: Grant that this is true, that they do not pay their taxes, or do not pay what they ought to pay; if they did not pay a cent of taxes—I think they ought to pay more, and I

think we will make them pay more, and we will do it ourselves, Mr. Chairman, if you will just let us alone—they would still stand as a great benefaction to the Territory. Some of them will have as many as 10,000 or 12,000 people around them, building their homes, and prosperity comes every time. And the idea of hunting out to see if we do not pay taxes on every dollar's worth of this property, when we are struggling as we are against the power of money on every side to-day—these great combinations of capital which pay in many cases absolutely no taxes! We pay higher rates on our mines than the capitalist pays on his capital in New York City.

Now, as to the Atchison, Topeka and Santa Fe. Mr. Murphy has been accused of being here as our paid attorney. I want to say that Mr. Murphy has not received one solitary cent from that Territory.

The CHAIRMAN. I do not think he has been so accused.

Mr. SMITH. It has been so stated.

The CHAIRMAN. We have covered that ground.

Mr. SMITH. Now, as to the Atchison, Topeka and Santa Fe system, they paid taxes for years and years and years. Then they bought the A. P. When the Atchison, Topeka and Santa Fe got the A. P. Company, they found it very difficult to run that business under the two separate corporations, and they had to go to Congress to get what they wanted. They have successfully defeated taxation in Arizona for years and years, and they came here to Congress, and I happened to be here at the time, and I objected to the confirmation of their proposition before the committee of this House on Pacific Railroads, and we never did agree to it. Mr. Rodey and I were acting in concert in the matter, to get something out of these railroads who were paying nothing. They finally offered one hundred and fifty, and the board consented to take it, and then they offered one hundred and seventy-five as their annual taxation on that property, and the bill passed this Congress as a compromise with the railroad. And now we are asked all the time why we did not tax them more.

The CHAIRMAN. May I ask you something? You state you are familiar with that thing?

Mr. SMITH. Yes, sir.

The CHAIRMAN. It was reported from the Committee on Pacific Railroads, and in the report of that committee they say that the railroad had been voluntarily paying \$125 per annum tax, under agreement with the Territorial authorities, so that they must have been paying \$125 per mile per annum before that bill was passed.

Mr. SMITH. They have been paying to some of those counties \$175 per annum, and under that each county still has its suit against them. I know that this was put in the bill that you refer to, that Congress was at all times to have power to alter, amend, or repeal this act. If you gentlemen were to tax the Atchison, Topeka and Santa Fe and other railroads on this basis and let the money be turned into the treasury of Arizona, over which you have complete control, may the Lord bless and comfort you.

The CHAIRMAN. Would it not have been just as easy, while the Committee on Pacific Railroads were amending that bill, which had no reference whatever to taxation of railroads, as I remember, to make some provision whereby that railroad could be taxed on the same basis on which other railroads running through these Territories were taxed?

Mr. SMITH. I wish you knew how hard I tried to get the Pacific Railroads Committee to do that. They would not do it.

The CHAIRMAN. Why did they not do it?

Mr. SMITH. Why did they give the grant?

The CHAIRMAN. All right.

Mr. SMITH. I am done.

The CHAIRMAN. It makes it very embarrassing in the taxation of other railroads, does it not?

Mr. SMITH. The railroads are taxed in the Territory of Arizona. I want to make another assertion. I believe in all these railroads being taxed. I know that every one of these people in Arizona pays heavy taxes, and we want the others to come in and bear their share of the burden, and we are going to make them do it, just as other intelligent American people do it when they are not interfered with. You want that done, but you can not get it done by interfering with the Territory of Arizona.

Now, let me make another suggestion, that our legislators are vested with just as full powers of taxation as the legislators of Maine or Michigan. They have a body of men that generally represent the Territory. They have that power just as they will have it under a State government. If you make us a State—Arizona alone—exactly the same thing will pertain that pertains to-day. The people have got to make these people do justice to them, and whether the government is Territorial or State it does not make any difference, because our power is just as full as it will be after this bill passes.

STATEMENT OF MR. ROY S. GOODRICH, SECRETARY OF THE ARIZONA JOINT STATEHOOD LEAGUE.

Mr. GOODRICH. Mr. Chairman and gentlemen of the committee, in the very beginning I desire to express my feeling in regard to this question of mining and railroad interests which has been injected into this discussion. It seems to me, and I think it is evident to every member and every man here, that this question has no bearing at all upon the question of joint statehood with New Mexico. Certainly no one would argue—admitting, for the sake of argument, that these railroads and mining interests are the most corrupt interests in the United States—that two legislatures could be handled more easily than one; that two appointed governors could be handled any more easily than one elected governor. No one would say for a moment that we would be in a better condition if Congress did not have the right to pass remedial legislation, as it has at the present time.

I desire to bring out certain facts that were not brought out clearly. In 1890 the population of Arizona was 52,620. Of this population 29,481 were Indians, leaving a population, exclusive of Indians, of 30,139. In 1900 the population was 122,931. There were 26,480 Indians, leaving a population, exclusive of Indians, of 96,441. This shows a net increase in the population, exclusive of Indians, during that ten-year period of 300 per cent.

There is one other point that I wish to bring out, and I can do it in one illustration. It is 791 miles from Yuma, in the western part of Arizona, to Sante Fe, the proposed capital of the new State. It takes thirty-six hours to go there by railroad and the railroad fare is \$40 one way.

I desire to call attention to the fact that Arizona has an immense mountain range running from the northwestern part down to the southeastern part. That mountain range cuts off the settled communities of Arizona from the settled communities of New Mexico. Those mountain ranges are impassable for railroads or for any communication except in the places where there are already roads, Steins Pass, in the south, and in the north along the Sante Fe, where there is a plateau.

Mr. WEBB. How far apart are those railroads?

Mr. SMITH. One is on the thirtieth degree and the other on the thirty-third.

Mr. GOODRICH. Now, two aspects of this thing are entertained by the people, one by the people of Arizona and the other entertained by the people who live outside of Arizona. We have shown beyond a possibility of doubt that we do not want it. Our reasons are largely that the Mexicans would control. Their legislatures show it. They have never had an American majority in their legislature but once in their whole history. They do not use the Australian ballot system, as we do in Arizona.

In regard to the more populous States of the East and North, it is perfectly fair and perfectly statesmanlike, without doubt, to use the argument that if New Mexico and Arizona are not capable of sustaining a great population in the future they should not be admitted as single States, and if they should not be admitted as single States, it is quite proper for this Congress to consider whether they can prevent any such disaster by joining them together to-day. Now, the answer to that argument which I desire to make is that the resources of Arizona are large enough to support a large population, and upon that answer depends the result, it seems to me. Our resources have been gone over very carefully by the gentlemen who have preceded me. It has been shown what our great forests are, and that our mining interests are of a permanent character and not speculative; that they are really manufacturing industries with work enough in sight to last for fifty to one hundred years. Our agricultural resources have been shown to be in fine shape. The 200,000 acres which are situated in the valley where I live are equal in extent to all the irrigated area in southern California. As an example of what can be produced on this irrigated land I desire to call attention to the fact that my friend Mr. Chandler has made \$300 an acre on 15 acres of canteloupes in five months; \$300 an acre in five months. After that it is possible to raise forage crops during the rest of the year.

The manufacturing industry in Arizona is a thing very largely of the future. We have already developed and are developing at the Tonto project, at the dam, 5,000 horsepower, and that can be multiplied many times as it comes down into the valley through the canals. With such horsepower developed in that one project and with the possibility of developing power in all the mountain streams which come down precipitously, the power is immense. That can be used in developing the mining industries and in developing the manufacturing industries.

In closing I merely desire to call attention to the fact that when California was admitted into the Union, in opposition to its admission was as great a statesman as Daniel Webster, and one of his reasons

for objection to the admission of California to the Union was that he considered that that country would never be of any value. Many of you will remember—within my short memory I can recollect—when on the maps in our geographies there appeared what was known as “The Great American Desert,” which extended east well into Kansas. If those two States can accomplish what they have accomplished in the few short years that they have done so, is it not fair to presume that the Territory of Arizona, with its undeveloped resources, will do likewise?

Mr. POWERS. I want to state to you fairly that I fully concur in your statement, that if Arizona has a possibility of becoming a great State, having a relatively fair proportion of population in comparison with the other States, it is only a question as to the results. Now, I think you are a little wrong about Daniel Webster opposing the admission of California. But at any rate, Webster said some very unkind things about the central part of the country, which he called a desert. Another thing I want to call to your attention is that with reference to your figures. You say that the increase in the last census has been 300 per cent. I have the census before me, and I want to ask you if these figures are correct. The population, including Indians on reservations, as given by the last census, is 112,920. Am I right?

Mr. GOODRICH. The total population is, according to my figures—

Mr. POWERS. One hundred and twenty-two thousand nine hundred and thirty-one.

Mr. GOODRICH. That is correct.

Mr. POWERS. That includes the Indians on reservations. Without the Indians on reservations, taking them out, but including Americans and Mongolians and Indians not on reservations, the population is given by the last census as 92,903. Am I right?

Mr. GOODRICH. I can not tell whether you are right in that regard.

Mr. POWERS. I am reading from a census book, which I presume is right.

Mr. GOODRICH. May I interrupt you, Governor?

Mr. POWERS. Yes, sir.

Mr. GOODRICH. I have made a statement here, taken from the census, that there are 96,441 according to the census, exclusive of Indians.

Mr. POWERS. That is here as 92,903.

Mr. LLOYD. He excludes the Indians, both on the reservations and off. That is the difference. You exclude the Indians that are on reservations.

Mr. POWERS. He has more than I have. He has 96,000, while I have only 94,000. That is what it says here, that that is exclusive of Indians on reservations.

Mr. LLOYD. I made the statement reversed from the situation, as I understand it.

Mr. POWERS. He makes it 96,000, and I make it 92,000. The number of people, excluding the Indians on reservations, according to the census of 1890, was 55,734. There was a decrease in the number of Indians on reservations of 2,000 or 3,000. They decreased in number in the decade. The increase of all the rest of the population was the difference between 55,734 and 92,904, which in round numbers would be 37,000. Now, if the increase was 37,000 of the whites, of course the increase was less, when you come to the other part. If the in-

crease was 37,000 of people off of the reservations, that is an increase of less than 100 per cent on 55,000.

Mr. GOODRICH. In answer to that, Governor Powers, accepting your figures as correct, you are correct in your mathematical results. But your figures evidently did not include new reservations which have been made since 1890.

Mr. POWERS. I am going on the census basis.

Mr. GOODRICH. Those figures do not include the Indians who did not, and never will, have a vote in Arizona. The point I make is that the people who have no part in the government of Arizona have decreased between 1890 and 1900, while the people who have a part in the government of Arizona have trebled.

Mr. POWERS. The people who have no part have decreased 3,000. The Indians on reservations have decreased. But the people off of reservations have increased about 37,000.

Mr. GOODRICH. Do you contend, Governor Powers, that all of the Indians in Arizona are included in the reservations?

Mr. POWERS. I only know that this book gives the population of Arizona, entire, whole, and then it says "population, not including Indians on reservations." I do not know whether the book is correct or not.

A BYSTANDER. Does not that include the Indians on the reservations and not the Indians off?

Mr. POWERS. It is put this way, "Total population by last census, 122,931." Then it says, further down, "Figures include Indians on reservations."

Mr. GOODRICH. May I explain that a little further?

Mr. POWERS. I only wanted to see if the census was right.

Mr. GOODRICH. May I make the statement once more, so as to show how I get my 300 per cent? I think it is perfectly accurate. My figures are taken from the same census from which those of Governor Powers are taken, but in a different part. I have included in the number of Indians which I stated were in Arizona—all those in the Territory, whether on the reservations or off—the figures being taken from the same census. My figures show that in 1890, exclusive of Indians, there were 30,139 people. In 1900 there were 96,441 people, showing an increase of 300 per cent.

The CHAIRMAN. How many white people were there in Arizona in 1890, according to the census?

Mr. GOODRICH. Whites, exclusive of others?

The CHAIRMAN. White people in Arizona, according to that census report?

Mr. GOODRICH. Fifty-nine thousand seven hundred and thirty-four.

The CHAIRMAN. How many white people were there in Arizona according to the census in 1900?

Mr. GOODRICH. Ninety-two thousand nine hundred and three.

Mr. POWERS. Those are my figures.

The CHAIRMAN. That straightens it out, does it not?

Mr. POWERS. Yes, sir; but I could not understand the 300 per cent increase while the general increase of the Territory was very much less, because the others fell off.

Mr. GOODRICH. These figures were taken by a man whom we employed here to get the figures up from the census.

The CHAIRMAN. The Chair wants to say that he believes Mr. Goodrich intends to be entirely fair in his statement of the figures.

Mr. POWERS. So do I. That is why I called your attention to this.

Mr. KLEPPER. If I understand in regard to the sentiment of the people of Arizona, you would not object to this merger with New Mexico if it were not for the fear of Mexican or greaser domination, would you?

Mr. GOODRICH. Most certainly we would object to it for many other reasons.

Mr. KLEPPER. That is the principal and overshadowing reason why you object to the merger?

Mr. GOODRICH. In answer to that I would say that that is a reason which exists in the Anglo-Saxon blood, irrespective of reason or anything else.

Mr. KLEPPER. That is the principal reason?

Mr. GOODRICH. That is one reason only of many principal reasons.

Mr. KLEPPER. I am asking if it is not the principal reason?

Mr. GOODRICH. No; I think not. There are many other reasons.

Mr. KLEPPER. What is the principal reason?

Mr. GOODRICH. One of the other principal reasons is the fact that our development would be retarded in many ways. Another reason is that our Territory is already larger than almost any other of the present States, and that the increase in size which would come would make it extremely unwieldy for carrying on a government.

Mr. KLEPPER. It is not as large as Texas.

Mr. GOODRICH. The two together would be a little smaller than Texas.

Mr. KLEPPER. You would not have to travel much farther than the people of southern California have to travel to their capital, would you?

Mr. GOODRICH. To show the immense size, I will say this, that if you take New Mexico and Arizona together and put California over the map of the two Territories you will still have enough room left to put all of the New England States in.

Mr. KLEPPER. That is one of the reasons, then, while you state it is not the principal reason, that you object to the merger; it is one of the principal reasons that you object to the merger?

Mr. GOODRICH. It is one of the principal reasons.

Mr. KLEPPER. You honestly fear and believe that if you are merged with New Mexico you will be subject to greaser or Mexican domination?

Mr. GOODRICH. We do.

Mr. KLEPPER. I believe you stated a while ago that but once had they had a majority of whites in the New Mexican legislature. Is that true?

Mr. GOODRICH. That is true.

Mr. KLEPPER. I will get you to state why it is that if the greaser element controls in New Mexico, they speak the English tongue and compel English to be taught in the schools of New Mexico instead of Spanish?

Mr. GOODRICH. I would not like to answer that question until it is amended. We are not calling the Mexicans of New Mexico "greasers." Many of them are of the very highest class of citizenship.

Mr. ANDREWS. That is a point that I would like to make, and I object to that for the same reason.

Mr. KLEPPER. Well, the Spanish-speaking people elect a majority of the legislature in the Territory of New Mexico, do they not, right along?

Mr. GOODRICH. They do.

Mr. KLEPPER. Why is it, if they control and want to dominate the white people, that they do not compel the Spanish tongue to be taught in the schools of New Mexico instead of the English?

Mr. GOODRICH. I have read the statutes of New Mexico in that regard in one or two places, and it would appear from their statutes that they occasionally require the English tongue to be spoken and to be used. I do not know anything further about it than that. But if they do, it shows a great awakening in New Mexico, for the reason that they have been incorporated in the United States for over sixty years, and yet, according to Mr. Rodey, of New Mexico, a former Delegate in Congress, in a letter read in the Senate of the United States January 19, 1905, "Of the 21 counties of New Mexico 9 are inhabited by people mostly from the States where interpreters," meaning in the courts, "are never used except in rare instances. Six other counties are inhabited about equally by Americans and natives. Although the majority speak English, still interpreters are used about half the time." That is, even in the jury room.

Mr. RODEY. No; that is not right.

Mr. GOODRICH. If the gentleman from New Mexico denies that, I would desire to retract it.

Mr. RODEY. It does not state so.

Mr. GOODRICH. It says that of the remainder about three-fourths have interpreters all the time in the courts.

Mr. KLEPPER. I based my questions on the advice I had obtained that they compel English to be taught in the public schools of New Mexico.

Mr. GOODRICH. The fact remains, however, does it not, that a large proportion of the New Mexicans do not speak English? If that be true, I can hardly see how it is possible for the schools to have been taught in the English language any great length of time.

Mr. LLOYD. Are you aware whether they talk amongst themselves English or Spanish?

Mr. GOODRICH. I can not say from my own knowledge, because I have not been in New Mexico to any great extent.

Mr. HEARD. We have a gentleman here who lived in New Mexico, who can answer that—Mr. Shields.

Mr. SHIELDS. Mr. Chairman, the colloquial language among the Mexicans is Mexican.

The CHAIRMAN. Is not that Spanish?

Mr. SHIELDS. It is a mongrel Spanish. It is a dialect of Spanish.

The CHAIRMAN. That means that some of the people speak two languages there?

Mr. SHIELDS. There are 19 languages in the Territory of New Mexico. There are a large number of Pueblo, besides Navaho, and their reservation is largely in New Mexico.

The CHAIRMAN. Just one question. How many people do you think there will be in New Mexico at the end of a generation?

Mr. GOODRICH. That is one thing at which one man can make just

as good a guess as another, provided he has lived in Arizona. I should say there would be not less than a million people in Arizona.

The CHAIRMAN. A good many people of Spanish descent are in New Mexico now?

Mr. GOODRICH. I could not say as to that.

The CHAIRMAN. Seventy thousand? That is a good deal short of 100,000.

Mr. GOODRICH. I beg pardon?

The CHAIRMAN. It is claimed that there are about 70,000, by some, that being a conservative estimate. But put it at 100,000, how rapidly would you say they would increase in a generation?

Mr. GOODRICH. The Mexicans?

The CHAIRMAN. Those of Spanish descent in New Mexico?

Mr. GOODRICH. Of Spanish descent?

The CHAIRMAN. Yes.

Mr. GOODRICH. Mr. Rodey stated here yesterday that there were 140,000 Mexicans in New Mexico. As to their increase, it is impossible to make an estimate.

The CHAIRMAN. You have made an estimate as to Arizona; what would you say about this?

Mr. GOODRICH. We have so few Mexicans in Arizona that I am not at all familiar with the probable rate of increase.

The CHAIRMAN. How many would you think they would increase in a generation?

Mr. GOODRICH. I think those figures can be found from the census.

The CHAIRMAN. Will you not make an estimate of the Spanish-speaking population in New Mexico in one generation?

Mr. GOODRICH. May I ask what the chairman means by a generation?

The CHAIRMAN. What is commonly understood by a generation; thirty-three years, I think.

Mr. GOODRICH. If that be the case, I wish to revise my figures as to the population of Arizona in a generation. I was under the impression that twenty years was meant by that period.

The CHAIRMAN. How would you fix that, then?

Mr. GOODRICH. I should say there would be not less than a million people inside of twenty years.

The CHAIRMAN. Now, take 130,000 or 140,000 people of Spanish extraction in New Mexico: how much increase do you suppose there would be over that population in that length of time?

Mr. GOODRICH. I have not any way of knowing.

The CHAIRMAN. Would you think it would double?

Mr. GOODRICH. It seems to me they would increase at approximately the same rate as the whites.

The CHAIRMAN. Do you think they would treble?

Mr. GOODRICH. Now, Mr. Chairman, I have confessed that I am entirely unfamiliar with the conditions in New Mexico from personal experience. I am somewhat familiar with conditions in Arizona.

The CHAIRMAN. But from your optimistic belief that there would be a million people—no; I will withdraw the word “optimistic”—you still could not have a number of Spanish-speaking people in New Mexico which could have any appreciable effect on this very large increase which you expect in Arizona; and if you add the population of Arizona to that of New Mexico and assume that that will increase

in the same proportion the difficulty would be still greater, from your standpoint, would it not?

Mr. LLOYD. Will you allow me, as the attorney for the defense instead of the prosecution, so to speak, to suggest that the question is not a fair one in the light of the fact that the gentleman has said that he did not know?

The CHAIRMAN. That is all.

Mr. GOODRICH. You have asked a question which I have not answered. It was put in the form of an argument, as I understood it; but I did answer it in one way when I said that I believed that the Mexican population would increase at about the same ratio as the white population.

The CHAIRMAN. Have you figured what that would be?

Mr. GOODRICH. That could be figured from my previous statement.

The CHAIRMAN. It would be in this case the difference between 140,000 and—

Mr. MOON. What is it you are talking about when you say "increase?" Is it the natural increase or the increase from immigration?

The CHAIRMAN. Suppose we withdraw that proposition, and pass on.

Mr. BEALL. I think that we can depend upon the men and women of New Mexico and Arizona to do their duty in that regard.

The CHAIRMAN. I want to say this, in justice to Mr. Fowler, that possibly I misstated Mr. Fowler; but if I did, it was entirely unintentional. He wants it understood that his estimated increase is not based on the population now in Arizona, but on what the increase would be not only of the present population of Arizona, but of such increase as might come to the Territory by immigration; and, he says, more largely by immigration.

Mr. GOODRICH. I may have misunderstood you, but I understood you to say there were something like 70,000 people in Arizona.

The CHAIRMAN. No: I based it on the proposition in New Mexico, on the basis of 195,000 and on the estimate that something like two-fifths were Spanish people. Is there anything further?

Mr. GOODRICH. No, sir.

Mr. HEARD. The next gentleman to address you will be Mr. E. S. Campbell, from Prescott, Ariz., a mining engineer, who has resided nineteen years in our Territory, and who will speak to you on mining developments.

STATEMENT OF MR. E. S. CAMPBELL, OF PRESCOTT, ARIZ.

Mr. CAMPBELL. Mr. Chairman, and gentlemen of the committee, I want to correct Brother Heard in regard to my being a mining engineer. I am not a mining engineer, but mining is my business. I have done nothing in the Territory to make a dollar or lose a dollar, except through mining, and what I have to say will be more especially in regard to the taxation of property. The mining property at Jerome, Senator Clark's property, has been brought up as a case in point, and I believe, Mr. Chairman, that you have said that Mr. Wellman claimed that there was \$150,000,000 worth of ore in sight. I do not know what method Mr. Wellman had of obtaining this information. I do not believe Senator Clark told him that, and I doubt if any engineer that ever examined the property told him that.

The CHAIRMAN. Will you also refer to the letter that I read, from Mr. Curtis?

Mr. CAMPBELL. I suppose those gentlemen got their information the same as any other layman in the Territory gets it—by hearsay.

The CHAIRMAN. Mr. Curtis says that he had a talk with Senator Clark.

Mr. CAMPBELL. Yes, I believe he does say so. But suppose the assessor went to the United Verde mine to assess it; he must assess it as to the amount of ore that is claimed to be blocked out. If any of you gentlemen know about that, you can tell me how he would go about it. If you do not know, I can tell you what he would do. First he would have, to get at anything like the amount of ore in sight, to employ a mining engineer whose reputation was absolutely above reproach. I am willing to say that no reputable mining engineer would render a report on that for less than \$5,000, and perhaps for not less than double that; and that would have to be done every year if we wanted to assess the ore in the mine. It is practically impossible to do that, as you may see. I think there is a method of assessing the output of a mine, and as our Delegate, Mr. Smith, has said, if let alone we will attend to the matter in due time, and that will be to assess the output of a property. In mining we develop what we call an ore shoot, or maybe a shoot or a lens or a pocket; but I want you to understand that no mine is limitless. It is purely possible that the United Verde is about as limitless as any mine we have; but notwithstanding that fact the life of any mine depends on the life of the pay shoot. We have veins running through the country for miles; but sometimes a vein comes to an absolute abrupt stop without any apparent reason.

The money that we make from our mines is clean money and honestly made. It is not gotten in sweat shops, and no child labor is used to get it, and we pay the highest wages that are paid in the world, and to the best class of people. Arizona is not a place for the weakling; it is a place for strong men. If a man wants to come there and get rich quick, he is making a mistake. We have had some of them come there to pluck us, and we have sent them back plucked pigeons.

The CHAIRMAN. You are many of you eastern people?

Mr. CAMPBELL. We, many of us, come from east of the Rockies. It has been my luck, since I have been here, to be in a hospital for the first time in my life.

The CHAIRMAN. That is very inhospitable of us.

Mr. CAMPBELL. Well, you have a fine hospital, and I will say that I didn't mind being in it. But here is the point of the matter. I do not expect to change a man in this committee, or to make a vote, by what I say, but I do protest against the reports that have gone out concerning the elements that inhabit Arizona. Brother Beveridge was down there to find out—I don't know whether it was whether we should come in or should not come in.

The CHAIRMAN. I do not think that we should discuss names.

Mr. CAMPBELL. I beg your pardon for naming any names.

Mr. MOON. I do not think that is improper.

Mr. CAMPBELL. Well, he was there. Everybody knows that. If he is ashamed of it—

The CHAIRMAN. It is a rule of the House, you know.

Mr. MOON. But this is not the House.

Mr. LLOYD. Mr. Clark has been referred to here time and time again. I think you referred to him yourself, if I remember correctly.

Mr. CAMPBELL. I will say, then, "The Senator from Indiana."

The CHAIRMAN. That will be all right.

Mr. CAMPBELL. He went through the Territory and gathered up a great deal of data that was against us, and the report came out that we were a lot of illiterates and incompetent to govern ourselves.

The CHAIRMAN. May I interrupt you to say that we do not believe that you are a lot of illiterates; that we believe you represent as high a class of citizenship as any part of this country can produce, and there is not a member of this committee who will dissent from me in making that statement.

Mr. CAMPBELL. I am glad to hear you say that. I am quite sure that some of the members of this committee know that it is not true, because they have been through Arizona. And I spoke with one of them and he spoke of the wide-open towns. We have them there, and I am afraid that he, like others who have come out there, has looked only at that feature. It is true that we have there the saloons and the singers and the festive wheel and the little tin box where they shuffle out the cards. But I wonder if he went to our beautiful churches and our public schools and our public libraries? Our friend Carnegie has remembered us in Prescott, and we have a beautiful little building there, and we have one of the finest clubs west of Chicago, taking into consideration the size of the town.

These are things that I can not rest under until I express myself. I resent that sort of thing all the way through. I want to say this with regard to gambling, and I believe what appeals to me is what appeals to any respectable business man. We can not afford to go into the open and gamble. Gambling out there is open. In the East and elsewhere it is not. Can you say how many bank cashiers and officials in positions of trust have gone to the bad simply because there was a door between them and the public? That is the point.

Of course, we have an element that comes into the towns at certain intervals who have no homes and no place to go, and to them the only place that is open and is cheerful is the saloon, and they go into the saloon and they take a drink, and everything looks good to them, and they see the games and the money on the table, and they go against them, and some of them get a little bit of it, and some of them lose what they have.

Now, with regard to the mining claims, Governor Powers has said that many of our patented claims are sold and held at a price of a considerable sum. That is true, and we have many patented mines that are lying absolutely idle. And I will say in this connection that the greater portion of these mines are owned by eastern people, who have bought them and are holding them, and some of them belong to estates and one thing and another. I am interested in a mining claim we are working. The values are all contained in one. We pay taxes on these claims at the rate of \$750 a year. Governor Kibbey and his board of equalization have raised the assessment on these claims 100 per cent. In some of the counties they have raised them, I believe, as high as 1,500 per cent—from 100 to 1,500 per cent.

That is manifestly wrong, and for this reason: That these 11 claims that we hold and pay taxes on if they were turned loose were abso-

lutely worth nothing, and they would be a source of revenue to no one, and the result would be, if that was the case, that people would not patent their claims. Another thing, they are trying now to patent the prospect. What I mean by that is a property that is neither a mine nor a patented property, but simply where a prospector comes along and locates a piece of ground and tries to develop it to the point where he can work it. Mining business is different from anything else that I have had anything to do with. It is hazardous, and yet I believe there is a percentage of successes in mining industries, conducted on a business basis, infinitely greater than in any other business. Mining properties are more successful than business properties.

The gentleman at the corner of the table [indicating Mr. Brick]—I do not know his name—suggested that we should tax these properties on the basis of what the stock is selling for. Where would the Calumet and Hecla come in if you taxed them on that basis? I think you would have a great roar from them, and you would be entitled to that. We consider that our method of taxation is a form of protection. After the war this country decided that the manufacturers should have a little bit of protection in order to foster their industries. We feel this, that every million dollars that is brought into the Territory for our mining properties finds lodgment in our Territory in buying our labor and our products off the fields, and our cattle, and all that sort of thing, and we feel that while our taxes are so high, if we add any more it is going to drive away capital from our Territory into some other, where they treat it better. An illustration of that: Within 20 miles of Prescott there is a smelter, a reduction plant, going up, which will put into circulation between one and a half and two million dollars in the next five years. That alone will bring to the Territory an immense amount of money, and not only that, but wherever the men come, their families come with them, and the children come. We are a prolific lot down there, and some of us have not as many children as we would like to have, but the others have enough to make up for the balance, and so far as the Territory is concerned, just leave it to us, and we will see that that is all right.

I do not care to take up the time of the committee and further than to say right here that I do not believe there is a State in the Union that is taxing its industries any better or more legitimately than we are. I do not believe there is a committee man around this table that can call to mind any institution in his district but what is getting out from under just as sharply as they can.

Now, if you want to ask me any questions, very well; but do not ask me about anything but mining, because I am not monkeying with anything else.

MR. BRICK. In making your assessments where do you get an idea of the value?

MR. CAMPBELL. Just where you do in any institution.

MR. BRICK. From the books of the institution itself?

MR. CAMPBELL. Yes, sir; you can do that. They can not fool you. In regard to the United Verde mines you might ask Senator Clark. He is right here, and he can tell you exactly how that could be done. I believe that our next legislature will pass a law to tax the production of a mine. That is, on any mine that I am working,

I pay on what I produce. But if you are paying \$10,000 a month to develop a mining property and are not producing anything you will not pay anything on that. We want to get the men into the country and open up the country. We have one of the grandest mining countries in the world, and what has been done there is simply a scratch on the surface.

MR. HEARD. Senator Clark has come into the committee room since this session started, and he has said to me that if you desire to ask him any questions he will answer them; that he will answer any questions that are asked him.

THE CHAIRMAN. We do not desire to ask him any questions. Call your next.

MR. LLOYD. Wait a minute.

MR. MOON. Yes; stop a moment.

MR. LLOYD. I think that some of us, at least, would like to hear Senator Clark's statement.

THE CHAIRMAN. It is stated if any member of the committee desires to question Senator Clark that he will answer such questions. I do not desire, so far as I am concerned, to question him at this time. I do not care to question a Senator of the United States as such, but if the gentleman desires to appear before the committee on the same footing as others that is a different matter. If any member of the committee desires to do so, he may avail himself of the offer.

MR. MOON. I would just as soon question a Senator of the United States as anybody else. Stand up, Senator, and let us hear from you.

SENATOR CLARK (rising from his seat). I do not appear as a Senator of the United States here, but simply as a plain individual engaged in mining down in Arizona and elsewhere. I did not come in here for the purpose of being questioned, but I am willing, if anybody desires to ask me a question, to answer the same to the best of my ability.

STATEMENT OF SENATOR WILLIAM A. CLARK, OF MONTANA.

MR. MOON. Are you the owner of the United Verde mine?

SENATOR CLARK. I am the principal owner. I own almost all of the stock.

MR. MOON. It has been stated here that that mine is not bearing its legitimate portion of taxation, that it is improperly and inadequately taxed, and it has been intimated here that it is corruptly taxed. I just state that in order that you may understand fully what we are discussing. Are you free to tell about that?

SENATOR CLARK. Yes; so far as the taxation of the United Verde mines or the United Verde Copper Company is concerned, we have, I think, paid on a full valuation of the property. We have, except, I think, in one instance in which we considered that the valuation was improper, paid the amount of the assessment levied by the assessor. In that instance we contended that it was not right and refused to pay it, and the matter, I believe, is still being considered in the courts.

There has been a return made on the property, a valuation placed on the mines, on the several mines belonging to this company, as well as a valuation upon the improvements on the property. I think our valuation this year is something like \$1,250,000; something like that.

I am sure that the valuation placed on the personal property and improvements has been as full as that returned in any mining Territory or in any State in the Union. I know that proportionately it is much larger than many other companies have been assessed at. It is reported that the United Verde property is worth all the way from \$10,000,000 to \$100,000,000, and all that sort of thing.

Mr. LLOYD. One hundred and fifty million.

Senator CLARK. One hundred and fifty. But I want to say to you gentlemen that all these reports about valuation of mining properties are grossly exaggerated. I defy anybody to determine the valuation of the United Verde property to-day. It is impossible for anyone to arrive at it. We can not see any farther into the ground, we mining men, than you can, and nobody can see beyond where you are digging. I have seen mineral deposits that were absolutely cut out, that appeared to be without limit almost, 30, 40, or 50 feet wide, and where there was a fair probability that they might extend in a certain direction a certain distance, and, as we hoped, a considerable distance, cut off just like that wall, absolutely within a few feet of where you were prospecting.

Now, so far as valuations are concerned—that is, computing ore in sight in a mine for the purpose of assessment—it is not done in any State in the Union that I know of. It is not done in Montana. There is never an attempt in Montana, which is the biggest mining State in the Union, although Arizona is treading right close after us and will be second in the race, I believe, very soon, if it is not to-day, there is no attempt to levy an assessment upon the ores in the mines. But the assessments are confined altogether to the improvements upon the property.

Now, take the United Verde property, for instance. Suppose that two years ago, before these fires unfortunately took place down there, before that occurred the assessor, as these mining men before me very properly stated, had gone to the expense of employing competent men, which would have involved a large expense and a great deal of time, and should have attempted to determine the value of the ore in sight, and the United Verde Copper Company should have been compelled to pay an assessment upon that valuation, where would we have been to-day, with more than one-half of the openings in the United Verde mine bulkheaded and closed up and inaccessible by reason of the fires that are existing and smoldering there to-day.

Time after time we have attempted to open them up and would take out a bulkhead and get to work, and it would be only a few days until we were obliged to close them up again. There is no way to determine actually the real valuation of a mine until you get the ore out and realize on its value; and there should be no effort made to levy an assessment upon an unknown valuation of a mine. As I said before, what seems to be valuable to-day may to-morrow disappear entirely out of sight, and the changing, the fluctuation of values is another proposition or a factor that would operate against a rule of this kind. To-day we have copper at 18 cents or upward. It takes about six months from the day the copper is mined or nearly that, it being produced at such great distances from the market, to get it out and burn it. I may say that it takes more than six months for that, and it requires about three months to burn it and to smelt it and to get it in the form for shipment and to transport it to the

markets where it is to go through the electrolytic process. That takes sixty days, and then it is sold upon sixty days' time, so that it is nearer to eight or nine months before we realize upon the products that are mined to-day than six months. And who knows that three months from now copper may not be 10 cents instead of 19 cents a pound? It has been as low as 8 cents a pound within a few years past. So that I say that it is unfair.

The idea is wrong that a great many eastern people have about the value of a mine. People in the mining regions know these things and therefore do not attempt in a State like Montana, where mining has been going on for fifty years, to levy an assessment upon the values that are hidden in mother earth. We say that the Territory of Arizona does well to enlist eastern capital or western capital or capital from whatever direction it may come to invest in its virgin mines, and that it should lend them every encouragement to do so in order that they may, at great hazard and expense, open up these properties and develop them and put these hidden values in sight. And while the owner may reap \$1 of benefit from it he distributes \$50 to mankind in the employment of labor in its various forms; in giving encouragement to mercantile industries, all the industries that surround a mining camp are benefited. The farmer benefits. In the Verde Valley, before I began to develop the United Verde mine, the farmers had no market for their products and their farms had been mostly abandoned, those that had been taken up with the hope of making homes and getting the value of their property; but to-day every foot of property in that territory that is available, where water can be secured for irrigation, is producing and finds a market for those products at the town of Jerome.

I believe that the reasonable people of Arizona realize the advantages of having people come in, and are willing to extend to them every encouragement for this purpose.

I desire to bear the responsibilities—my share of the responsibilities—of sustaining the government of any State or Territory wherein I may have the honor and the pleasure to live and operate, and I have no desire to shirk one single responsibility.

Gentlemen, I have said, I think, all that I need to say in answer to that question.

The CHAIRMAN. You are the United States Senator from the State of Montana?

Senator CLARK. I am.

The CHAIRMAN. It was not, I think, the desire of this committee to interrogate you, but since you have appeared before the committee for the purpose of illuminating this question, as you have done very ably, will you permit me to submit one or two questions to you?

Senator CLARK. With great pleasure, sir.

The CHAIRMAN. The assessment of your mine, called the United Verde mine, last year was \$312,925, and upon the buildings, machinery, and so forth was \$582,500, making a total of \$895,425 assessed valuation, was it not?

Senator CLARK. I have not the figures. I can not recollect. That may be correct.

The CHAIRMAN. I think that is correct, Senator.

Senator CLARK. I do not recollect. I think I said \$1,200,000. I may be mistaken in that, but that is my understanding about it.

The CHAIRMAN. Your mines consist of mines on a tract of land of 260 acres?

Senator CLARK. Two hundred and fifty acres.

The CHAIRMAN. Two hundred and sixty acres, as I understand.

Senator CLARK. There is not that much land embraced in the boundaries of all the mining property that I have there.

The CHAIRMAN. There is not that much?

Senator CLARK. Yes; I am sure there is not that much.

The CHAIRMAN. Now, will you permit me to call your attention to the fact—

Senator CLARK. Just one point in connection with that. The question of land does not cut much figure there, because outside of the ore under the surface the value of the land is only for surface purposes.

The CHAIRMAN. Let me call your attention to the last report of the governor of Arizona, page 63, where he says:

Nearly every governor of the Territory in his annual report has taken occasion to call attention to the gross undervaluation of mines for the purpose of taxation. The fault has not been so much in the law as in the disregard of it by the local taxing officer. It is conceded, by estimates made by the most conservative experts, that the mines of Arizona have not heretofore been assessed, in the aggregate, at 5 per cent of their value. At the recent meeting of the Territorial board of equalization, August 14 to 21, 1905, an attempt was made in the direction of remedying this palpable evil.

Will you kindly comment upon that language of the governor of Arizona?

Senator CLARK. The governor is evidently at fault in speaking of the inadequate valuation of the mines for assessment. If he refers to improvements, I can only speak with regard to those I am interested in. He is evidently imbued with the ideas that some of the newspapers of the United States have published in regard to that, and is speaking of the covered and undeveloped value of the mines, which is problematical. As far as the value on the surface of the mine is concerned, I will defy anybody to point out that the United Verde copper mine has not borne its just share of the expenses of the government, or, in other words, that it has not had a just and fair assessment placed upon it.

The CHAIRMAN. Further, as bearing on the question of the assessed valuation—the real valuation—permit me to call your attention to an article written by Mr. William A. Curtis, a well-known newspaper correspondent, under date of August 12, 1905, which he contributed to the Chicago Record Herald and to many other newspapers throughout the country, in which he says:

Senator William A. Clark, of Montana, was offered \$25,000,000 in cash by an English syndicate not long ago for the United Verde copper mine, and he told me he refused it because he did not know what to do with the money. It is said to be difficult to invest \$25,000,000, although few people ever attempted such a task. Senator Clark has had considerable experience that way—more than most of us. There are other reasons why he would rather have the mine than the money. Some idea of the value of the property may be gained from the fact that since operations began, in 1884, more than \$90,000,000 worth of ore has been taken out of it, and Clark's engineers assert that \$50,000,000 worth has already been blocked out ready to be removed as fast as desired or the facilities will permit. Of this, a block of \$12,000,000 is supporting the machinery, which must be removed first. I do not know where a more valuable foundation for a hoisting plant can be found.

Will you kindly comment upon that statement?

Senator CLARK. With all due deference to Mr. William A. Curtis—I believe that is his name—

The CHAIRMAN. Yes, sir.

Senator CLARK. He is a very nice gentleman, and certainly a newspaper man of the greatest ability and high standing, but I beg to say that no conversation ever passed between myself and Mr. Curtis as to any price ever having been offered me for the United Verde mine. And I will say, further, that no offer to sell the United Verde properties has ever been made by me.

The CHAIRMAN. That property is not on the market?

Senator CLARK. No, sir; and I have never placed a price of any kind whatsoever upon the property. I have never offered the property for sale. No price has ever been mentioned by me or no offer ever been made to me in the world. That is romancing, I think.

The CHAIRMAN. I reckon there are few corporations which are able to make you an offer.

Senator CLARK. I do not know about that. I look upon the property as a valuable property; but it has its uncertainties like everything else. When we get a thing out and can look at it and see it and feel it or taste it and smell it, then we know something about it; but otherwise we form an indefinite idea about it.

The CHAIRMAN. That is all, Senator.

Mr. POWERS. Senator, if I understand you correctly, you said that the valuation of the output of the mine was a fair manner of assessing values, not only in the mines there, but in all mines?

Senator CLARK. That the output should be a fair basis?

Mr. POWERS. Yes, sir.

Senator CLARK. Oh, I do not consider the output of a mine a fair basis for valuation of that mine for the future.

Mr. POWERS. I meant for taxation, or assessment for taxation?

Senator CLARK. I beg pardon?

Mr. POWERS. I thought you were speaking of the question of taxation, of assessment of the mine.

Senator CLARK. No, sir; I did not say that the output of a mine should be a fair basis on which to make a valuation of the property. You might dig a mine out in three weeks, so far as that is concerned.

Mr. POWERS. I did not quite understand it that way. I thought, in regard to assessment, you thought for the purpose of taxation or for any other purpose—

Senator CLARK. I said to assess the property of a mining company for the improvements it has made and for the personal property it has.

Mr. POWERS. That is it exactly.

Senator CLARK. Yes, sir. But so far as going into the ground and divining what valuation a property has is concerned, it is almost impossible to do that.

Mr. POWERS. That is what I think.

Mr. MCKINNEY. Then you do not agree with the gentleman who preceded you, who stated that he thought the basis of the assessment for taxation should be on the output of the mine? You do not agree with that?

Mr. CAMPBELL. What I did say was this, that a fair proposition would be to tax the bullion as it came out, and if it produced \$10,000

it should pay a tax on \$10,000, and that you should not assess the property.

Mr. McKINNEY. It is an income or an outcome tax, as you choose to call it. You tax the production, and not the mine.

Senator CLARK. Of course there are advocates for and against bullion taxation. That is a thing on which there are varying views.

Mr. McKINNEY. I was trying to get at your idea about the taxation.

Senator CLARK. Of the bullion?

Mr. McKINNEY. Yes, sir.

Senator CLARK. That depends on circumstances. I do not know that the output of a mine, that the proceeds of a mine, ought to be taxed any more than the proceeds of a farm or other industry. You might as well tax the output of a sawmill. Upon that question, of course, there is a difference of opinion, and different people have differing opinions.

Mr. McKINNEY. I can see myself that that output may have been obtained at an actual loss to the miner.

Senator CLARK. Yes, sir. The copper miner, or any other miner, is putting values into the world every day. Now, the world is benefiting by that, and I do not know that the mine should be taxed entirely on that basis. That is a mooted question, and people have different ideas about it.

Is there anything further?

The CHAIRMAN. This committee desires to thank you for appearing before the committee.

Senator CLARK. Thank you very much indeed. I am very pleased if I can contribute anything. I did not come here expecting to do that.

Mr. HEARD. Shall we proceed?

The CHAIRMAN. Proceed.

Mr. HEARD. The next gentleman we call is Mr. J. J. Riggs, a range cattleman, who has lived in our Territory twenty-five years.

STATEMENT OF MR. J. J. RIGGS, OF COCHISE COUNTY, ARIZ.

Mr. Riggs. Mr. Chairman and gentlemen of the committee, I do not want to say any more than that we are earnestly opposed to this proposition. Let me say to you that the people of Arizona do not want to be joined to New Mexico, and when I have said that I think I have said all that we need to say to convince a fair-minded committee that we should not be joined. But the gentleman seems to want other reasons. One of them is this—now, please follow me: Here are three men who are going into partnership. I will take Mr. Rodey and myself, for an illustration, as two of the men. He and I have \$40,000,000 to put in that partnership; and let the ex-Governor of Maine be the other man, and suppose that he has \$60,000,000. Now, Mr. Rodey and myself are going in with \$40,000,000, and Mr. Powers has \$60,000,000. The proposition is this: We are going out to do business. We are coming in equally. We are just going to join and form a copartnership. Now, which of you gentlemen would like to trade places with Mr. Powers? See; he is going to put in \$60,000,000; Mr. Rodey and I are going to put in \$40,000,000. Mr. Rodey and I are going to poll two votes, and he has only one. Do you see it?

The CHAIRMAN. Go on.

Mr. RIGGS. That is plain, and yet you ask what are our reasons for not wanting to come in with Arizona polling only one vote and New Mexico polling two. Do you see it?

Mr. MCKINNEY. Yes; we see it.

Mr. RIGGS. Is not that conclusive? You would not form a partnership of that kind. There is not a man in this room who would go into a partnership in which he put up two-thirds of the money and the other man had a two-thirds vote as to how that money should be used. So much for that. If I am wrong in my premises in any way I would be glad if you would correct me, because if I am wrong I am honestly wrong.

Getting right down to the point of this matter, the question is simply one of political expediency. Mr. Powers, you say that this matter in its final analysis is a matter of political expediency. You know that your six States up in the northeastern corner of the United States [indicating on map] have twelve Senators. We have four States and two Territories in the southwestern corner of the United States, cater-cornered across the map from the six New England States, with a greater population, with a greater area than your New England States, represented in the Senate by eight men.

Mr. POWERS. What four States do you refer to?

Mr. RIGGS. I refer to Texas, Louisiana, Arkansas, New Mexico, Arizona, and California, as against your six up in the northeastern corner.

Answering your question of political expediency, we are represented with eight Senators; you have twelve. Now, you have less population, you have less wealth, you have less area. If you can answer that I am with you; if you can answer that I am sure this delegation will go home and say, "Join us to New Mexico."

Mr. POWERS. You mean there is less population in New England than in those States you have named?

Mr. RIGGS. Yes, sir.

Mr. POWERS. I am not sure but what—

Mr. RIGGS. Is it not a fact that we have a greater area? Of course that goes without saying. And as to the valuation, there are no statistics along that line.

Mr. POWERS. We have always compared the Eastern States with the Pacific coast States. Everybody that I meet around the Capitol and everywhere, when we tell them about this, says, "You are entitled to that." Now, there is more wealth, as I have said, more area, and more population—

Mr. POWERS. You say more wealth. Where do you find it? I have never looked it up. I ask you for information.

Mr. RIGGS. Here is the census showing the population of the six States referred to and the four States and the two Territories down in the southwest corner of the country. The figures are 7,545,793: that is what we have in the southwestern part of the United States. The population of the six New England States, according to the census, was 5,592,017, a difference of 2,000,000. The area is twelve times greater than the New England States—

Mr. POWERS. I was asking you simply about the wealth.

Mr. RIGGS. There are no statistics on that.

Mr. POWERS. I do not know about it, but I venture the assertion that the six New England States will lay over those others a long ways in wealth.

Mr. BEALL. The Governor forgets that Texas is among them.

Mr. RIGGS. There is no authentic tabulation.

The CHAIRMAN. Is it not a fact that Texas, under the joint resolution whereby it was annexed to the Union, was permitted to divide itself into five States?

Mr. RIGGS. Let me answer that. Texas will never divide, and you all know it.

The CHAIRMAN. My statement is correct, is it not—

Mr. RIGGS. And Arizona will not divide, and you know it.

The CHAIRMAN. Is it true?

Mr. RIGGS. Yes; of course, it is a fact.

The CHAIRMAN. The probabilities are, then, if Arizona and New Mexico should be joined in brotherly harmony they would not want to divide.

Mr. RIGGS. You know that can not be. You know that the feeling that is created here in this committee room—and it has been going on down there for years—will never allow us to live harmoniously.

The CHAIRMAN. I want to say in that connection that every gentleman who has appeared here from Arizona has taken care to cast no aspersion upon New Mexico.

Mr. RIGGS. And if I have done so I hasten to retract it.

The CHAIRMAN. You have always spoken of each other in neighborly spirit.

Mr. RIGGS. And I want nothing but that. When a gentleman referred to the population of New Mexico as greasers I resented it, and I do not think there is any feeling against the people of New Mexico. They are good people, but they are not our kind of people, that is all.

The CHAIRMAN. There are over 100,000 of your kind of people there, are there not?

Mr. RIGGS. I want to make this clear. That up here you have 12 Senators and down here we have 8; and we have more population, and we have more area, and I am sure we have more wealth, Mr. Powers to the contrary notwithstanding.

Mr. POWERS. What do you say about New York and Pennsylvania; they would lay over you in wealth, would they not in population?

Mr. RIGGS. I will put in another State down here; we will pair off. This was an answer to your question of political expediency, and I think it is a complete answer.

The CHAIRMAN. In the original adoption of the Constitution of the United States was it not understood that the small States should be represented in the Senate of the United States the same as the large ones, and was not that thrashed out?

Mr. RIGGS. We are not kicking on misrepresentation, but I am giving it as the reason why it would not be unfair to give New Mexico admission with two Senators and give Arizona admission with two Senators; and if Arizona was nothing but a land of sage brush and rattlesnakes it would still be fair to do so, because you would be giving that population down in the southwestern part of the country an equal representation—or going in the direction of giving it an equal representation—with this population up here in the Northeast. That

is why I say it would be fair even if we did not have any population in Arizona; it seems to me that it would be perfectly right.

Mr. MOON. And still Arizona, in fact, has more population than plenty States had when they were admitted.

The CHAIRMAN. They were admitted under different conditions, of course.

Mr. MOON. No; I do not know that they were. Take these Western States that were admitted, take Wyoming and Dakota and Montana and Idaho.

Mr. LLOYD. And Michigan and Missouri.

Mr. RIGGS. I want to say that we down in Cochise County are like you are up in New England, that we are patriotic Americans. If there is one thing that we have it is patriotism, and your effort, gentlemen, to rob us of our inherent right of self-rule is sapping at the foundation of our patriotism.

Mr. POWERS. As one member of the committee, I do not want to be lectured by the gentleman.

Mr. RIGGS. I am not lecturing you: pardon me. I have a letter from the city of Valparaiso, Ind., signed by the professors of the Indiana Normal School, by the Republican central committee chairman of that district, by Judge Crumpacker's own nephew, and by over 70 of the members of the senior law class of that school, who came from the different States and Territories of the Union.

(The petition referred to by Mr. Riggs, and filed by him, is as follows:)

These statements are true, and I am heartily in favor of the sentiments expressed.

N. L. AGNEW,
Valparaiso, Ind.

*To the Senate and House of Representatives
of the United States in Congress assembled:*

Whereas the President (Theodore Roosevelt) of these United States has seen fit to recommend in his message to the Fifty-ninth Congress, in Washington assembled December 5, 1905, joint statehood for the Territories of Arizona and New Mexico; and

Whereas the peace and prosperity of both Territories depend upon their remaining under single and separate forms of government for good and honest reasons, separated as they are from each other by the great continental watershed that divides the waters that flow to the Pacific from those that flow to the Gulf of Mexico, populated by people that are as different in their conception of self-government as are the people of the Latin races from those of the Anglo-Saxon, without one single issue in common to draw them together and make one harmonious whole, the uniting of these Territories into one State will be productive of "a house divided against itself." It will lead to the corruptest of corruption in politics, in which can already be plainly seen the unscrupulous office seeker ready to sacrifice anything for official promotion: Therefore, be it

Resolved, That we, the undersigned, do earnestly entreat that you (the Congress of the United States) do not force these two Territories together to form one new State.

Mark L. De Motte, dean N. I. Law School; C. B. Tinkhorn, instructor, N. I. Law School; Grant Crumpacker, instructor, N. I. Law School; Alvin L. Richards, president of senior law class, Camp Chase, Ohio; F. L. Pope, Fort Seybert, W. Va.; W. R. Heaton, vice-president senior law class, Julian, Pa.; Linfield Myers, Anderson, Ind.; John J. Garrity, Watertown, Wis.; Wm. Stuart, Villard, Minn.; Edward F. Klernan, Watkins, Minn.; Thos. C. Gorman, Chelsea, Mich.; R. H. Mohtor, Benson, Ill.; Fred E. White, Browntown, Wis.; H. J. Olson, Estherville,

Iowa; Richard Steele, Blanding, Ill.; Chester Brooks, Mansfield, S. Dak.; O. A. Morton, Weleetka, Ind. T.; H. A. Leonard, Elkhart, Ind.; P. E. Cavaney, Silver City, Idaho; Perry Larson, St. Olaf, Iowa; W. H. Malcolm, Nuttallburg, W. Va.; J. F. Frame, Cumberland, Ohio; W. E. Richard, Sunfield, Mich.; Wm. W. Bozarth, Valparaiso, Ind.; J. Howard Smith, 138 Front street, New York City, N. Y.; Earle C. Driskell, Fort Worth, Tex.; Clyde Cortright, Marshall, Mich.; Arthur O. Dillon, Hensel, N. Dak.; Elmer W. Cowee, La Farge, Wis.; S. H. Craig, Manilla, Ind.; H. Earl Musselman, Dayton, Ohio; Milton C. Harrold, Muncie, Ind.; Guy F. Smith, Nugent, Iowa; George W. Wharton, Newton, Iowa; Luke J. Tormey, Niles, Mich.; Harold Gunvordahl, Cottage Grove, Wis.; S. A. Smith, Barboursville, Ky.; T. M. Ryan, Kirklín, Ind.; J. F. Catron, Barboursville, Ky.; H. B. Jones, Barboursville, Ky.; Henry R. MacGillis, Mikado, Mich.; Wm. J. Wanmer, Schenectady, N. Y.; Marion J. Pierson, Brook, Ind.; L. G. Lewis, Corry, Pa.; Chauncey Lautzenhelzer, Willshire, Ohio; John C. Leschen, Cullom, Ill.; B. E. Brower, Stockbridge, Mich.; John W. Riley, Chicago, Ill.; Frank J. Fisher; Emil C. Storch, Napoleon, Ohio; Fred M. Stoner, Valparaiso, Ind.; Edw. Schottler, Milwaukee, Wis.; Thomas F. Eakman, Waterloo, Ohio; Robt. J. Briggs, Wausau, Wis.; J. C. Riggs, Willcox, Ariz.; Alfred C. Rudolph, Menomonee Falls, Wis.; P. E. Johnson, Rankin, Ill.; Frank L. Tuttle, Capron, Ill.; J. W. Anthony, Dallas, Tex.; Earl Sneed, Lawton, Okla.; C. R. Macnab, Salmon, Idaho; E. M. Sweltzer, Ann Arbor, Mich.; H. H. Miller, Valparaiso, Ind.; Carl Fishel, Mount Erie, Ill.; John A. Logan, Shawneetown, Ill.; C. W. Johnson, Santaquin, Utah; Clarence Mallott, Andover, Pa.; Lewis B. Lumbard, Laporte, Ind.; Wm. Bell, Wisconsin; R. R. Peddicord, Ohio; L. I. Seaman, New Jersey; L. G. Rotering, Wisconsin; M. H. Hoevet, Indiana; Nicholas Hickey, Illinois; Eugene W. Bennett, Missouri; Martin H. Spangler, Ohio; F. H. Haney, Illinois; R. W. McAllister, Nebraska; Wm. D. Lukens, Minnesota; L. M. Bane, Pennsylvania; C. A. Reed, Pennsylvania; Hal C. Phelps, Kokomo, Ind.; G. S. Widholm, Clifton, Ill.; Robt. F. Coll, Belle Vernon, Pa.; W. C. Lukenbill, Lincoln, Ill.; Al E. Woolverton, Minot, N. Dak.; Guy N. Blackstone, Youngstown, Ohio; Jno. M. Donahue, 631 Walnut street, Fort Wayne, Ind.; Geo. M. Hudson, Shelbyville, Ill.; A. L. Burnett, M. D., asst. inst. physics, Valparaiso, Ind.

Mr. Riggs (continuing). This shows that you are fighting public sentiment in the United States. Public opinion, after all, has something to do with it. Wherever we meet people they say, "This is unheard of; this is an outrage." You tire of hearing about what the people in Arizona think about it, gentlemen, but these are facts. Here is a petition from the city of El Paso, Tex., along the same line.

(The petition referred to by Mr. Riggs, which he filed, is as follows:)

EL PASO, TEX.

To the United States Senators and Congressmen of Texas.

GENTLEMEN: Whereas we, the mayor and aldermen of the city of El Paso, Tex., have learned that there is now pending before the Congress of the United States a bill for the admission of Arizona and New Mexico into the sisterhood of States as one State; and

Whereas from our geographical, commercial, and industrial location we are intimately associated and connected with both Arizona and New Mexico, and in consequence of which we are very familiar with the needs, desires, and aspirations of the peoples of both of said Territories; and

Whereas we know that said peoples are bitterly and unalterably opposed to the joining of said Territories and their admission as one State: Now, therefore, be it

Resolved by the mayor and aldermen of the city of El Paso, Tex., That we

earnestly request and implore our Senators and Representatives in the Congress to use all honorable means to prevent the said Territories of Arizona and New Mexico from being joined together and admitted as one State.

[SEAL.]

CHARLES DAVIS,
Mayor.

PERCY MCGHEE,
City Clerk.

B. F. HAMMETT,
GEO. LOOK,
W. J. FEWEL,
W. J. RAND,
RICHARD CAPLES,
J. T. GRANT,
J. B. BADGER,

Aldermen.

Mr. RIGGS (continuing). I do not blame Mr. Rodey for wanting to join with Arizona, and no one could. Why not? If you can come in with \$40,000 in equal copartnership with a man who has \$60,000, and have two votes to the other man's one besides, why not go in partners?

Here is an article I picked up from the United States Investor. It is one of the reasons why the feeling down there is so intense. Listen, gentlemen. Here is something that creates public opinion, and it is creating a little down in Arizona.

(Mr. Riggs here read part of an article, which was objected to by members of the committee, and which was ordered not to be printed as part of the record.)

The CHAIRMAN. Referring to that article, there is nothing in the bill which for one single instant would permit the increasing of the bonds of one county of New Mexico by a cent. The committee has been careful about that, I can assure, and no matter who are purchasing those bonds, they will find them of no greater value by reason of this bill. On the contrary, we will take pains to see that they are not.

Mr. RIGGS. I need not tell you that Cochise County has over 250 miles of railroad; that she has over 60,000 head of live stock; over 40,000 acres of cultivated lands; that she has artesian wells, beautiful homes, orchards, vineyards, farms, and some of the richest copper mines in the world; that these mines, like the mines of Michigan and Montana, are permanent, not temporary; that from them there is manufactured a product, a staple product, just as from the great fields of the South there is produced one of the world's greatest commodities—cotton.

Cochise County is proud of her towns and cities, two of which, Douglas and Bisbee, support a population of over 25,000 people. Our county school census over a year ago showed something like 4,200 children. In the very short period of four years we have risen from an assessed valuation of \$3,000,000 to \$12,000,000, and yet the contention has been made that we are not progressing. The reclamation service has plans, surveys, and estimates for water storage on the San Pedro River which, when carried into effect, will more than double our present cultivated area. Still there are those who assert that Arizona is ready to retrograde. No, gentlemen. What is true of Cochise County is true of every county in the Territory. As a matter of fact, we are only getting fairly started in our development. Arizona is in her infancy yet. Truly when fully developed she is a great big empire within herself.

We are not here as a delegation from Arizona in opposition to the President or his policy. The people of no State in the Union maintain higher personal regard for Mr. Roosevelt than do the citizens of Arizona. Arizona is proud of her contributions to the list to the gallant men that made Theodore Roosevelt the hero of San Juan Hill. All we ask is to be let alone. We seriously ask that, gentlemen, and it seems so little, so small a thing to ask, that we think it ought to be granted.

The sentiment in Arizona is expressed by what one of my neighbors said to me before I left home. He said: "Riggs, go tell the President to give us to old Mexico if he doesn't want us. President Diaz will be good to us." One can hear expressions like that from people everywhere in Arizona. We are a unit in this matter. It is true there are few men like Nat Hughes, Fighting Wilson, J. Knox Corbett, and a few others that are advocating this bill. They may have motives that are right; it is not for us to oppose them. If we can not say anything good about our neighbors, we will not say anything bad. We are not here in opposition to New Mexico. I believe New Mexico should be admitted, but I also believe that Arizona should be admitted, and I believe on this question of party expediency, which it is confessed all about the Capitol here is the only ground you are arguing this on, that she should be admitted, because we have more area and more population and more taxable wealth, I think, in those four States and two Territories down there than you have in your six New England States.

STATEMENT OF MR. GEORGE FRENCH, OF NOGALES, ARIZ.

Mr. FRENCH. Mr. Chairman, I reside on the extreme southern boundary of Arizona [indicating on map]. I only want to say a word as to the sentiment in that part of the Territory. I happen to live in the same town with Mr. Allen T. Byrd, the publisher of the Oasis, who, I think, is looked upon as the leading advocate of joint statehood in the Territory. He boasts in his paper that he has been an advocate of joint statehood for twelve years. In our county, a small county, in the last twelve years I have only known of eight or nine people that have stood with him in that advocacy. Notwithstanding that Mr. Byrd is a bright man, he has only been able to win over eight or nine men to his side of this case in the last twelve years. One or two of them are citizens of high standing; the balance of them are men who would not be desirable citizens anywhere. That will show you gentlemen the sentiment in our county. It has been illustrated over and over again in public and private discussion.

Mr. LLOYD. There is a statement that was made in the Oasis, as I remember it, within the last two or three weeks to the effect that there had been a meeting of the citizens somewhere in that county, and that the county had passed resolutions indorsing joint statehood.

Mr. FRENCH. I do not know of any such meeting. Does it say it was our board of supervisors? Maybe that Mr. Byrd and a few others passed them. I know our board of supervisors did not.

Mr. LLOYD. Well, has there been any mass meeting there within the last few months?

Mr. FRENCH. I have never heard of such a thing.

The CHAIRMAN. How long has it been since you were there?

Mr. FRENCH. I have been here for two months, but I have kept careful track of what has been going on in Nogales since I left there.

The CHAIRMAN. It is stated that there was a mass meeting there early in December attended by over 600 people.

Mr. FRENCH. I do not see how that is possible. I can name almost every man in my county, and I never saw 250 men gathered together at one time there. There are only 780 voters in our whole county; the total vote of our town is 300. Probably the meeting you refer to was held at Tucson, 100 miles north of us. I will say this, that in the Oasis of December 25, a large number of copies of which are in this room, and doubtless many of the members of the committee have read it, it is stated that at a mass meeting at Tucson, held just before December 25, a large number of gentlemen from Santa Cruz and other places were present; and I have it on the word of Mr. Sturgis and others that Mr. Byrd was the only man there at that time.

The CHAIRMAN. Did Mr. Byrd challenge Mr. Murphy to a joint debate on statehood?

Mr. FRENCH. He is one of a hundred that Mr. Byrd has challenged, possibly.

Mr. MORRISON. Colonel Wilson—

Mr. FRENCH. Oh, yes; a year ago, in our campaign.

The CHAIRMAN. But recently?

Mr. FRENCH. That I do not know about.

The CHAIRMAN. Did he not challenge Colonel Wilson comparatively recently?

Mr. MORRISON. Yes; and Colonel Wilson would not dignify Mr. Byrd by accepting, because he (Byrd) only had 2 per cent of the people of Arizona.

Mr. FRENCH. I want to be careful what I say of Mr. Byrd as long as he is not here, and I purposely have put a curb on my tongue, but I think almost every member of this delegation knows Mr. Byrd through and through better than the chairman of this committee knows him and better than any of the other members of this committee know him. The Oasis contains in its every issue articles for the delectation of the people in the East. We know Mr. Byrd in our county. You would think the man has large assets from the reading of that paper, and yet he is not even a taxpayer there, and he boasts that he is judgment proof. And yet you can read in every issue of that paper things that would tend to make you think he was a leader out there. That is A. T. Byrd. He goes around under the guise of being an old soldier. Now, we all honor old soldiers. As a fact, though, the register of our county shows that he was 10 years old at the outbreak of the civil war.

Mr. POWERS. Maybe he misrepresented his age in order to get in.

Mr. FRENCH. I only know when parades take place he gets out his full regalia and parades as an old soldier. That is just one of them. That is your leading advocate in Arizona of joint statehood, and that is a man from whom you get most of your facts and statistics. I do not say personally you, but the advocates of joint statehood.

Mr. HEARD. Mr. Chairman, I now want you to hear briefly Mr. Eugene O'Neil, a child of Phoenix and a brother of Bucky O'Neil, whom you know as a rough rider, who lost his life in the Spanish-American war.

STATEMENT OF MR. EUGENE O'NEIL.

Mr. O'NEIL. I understand that I am limited to about ten minutes. I will try to cover the general situation as briefly as possible. I come here to-day not only to represent one section but every section of Arizona from Mohave County in one end of the Territory to Cochise in the other, and from Yuma to El Paso. I will say that there is not a foot of the ground, not a county, not a mining camp, not a little town, or a water hole in the Territory hardly that I have not visited. I have gone over the Territory from one end to the other, sometimes bunching a burro, sometimes traveling by foot, and sometimes horseback, and sometimes in a Pullman car.

I have met the people of the Territory, and I can say that I know them. I have learned the aspirations and the ambitions of the cowboy at his camp in the night while the herd slept, and I have learned the feeling and the sentiment of the prospector and miner while at his table eating frijoles and sowbelly, and I can speak as to the sentiment of those men, and I can say that those men without an exception are absolutely opposed to the joining of the two Territories. And I want to say here, not with any reflection upon any member here, not with the intention or desire to criticise your integrity or honor, but I want to say that the manner in which you are going about this legislation is a crime. The members of this committee are not to blame; it is the conditions that exist. The Representatives in this House, the members of this committee, are not true to their names as representatives of the people. It was considered at the foundation of this Government, when we started out to be a free people, when free men had gained a victory, that the House of Representatives would be a legislative body and a representative body. Gentlemen, that is not true. I come to Washington. I am not blind, nor are my fellow-members of this delegation blind. Do you know what we think of the House of Representatives? Do you know what we think of you? Why, we think you have gone back on all traditions. You are false to the fundamental principles of government. You are not a representative body; you are a body that is made up and controlled and dominated by, we might say, a species of rule made up by reason of party organization.

The CHAIRMAN. The committee will receive and place on file your views on the decadence of the House of Representatives.

Mr. O'NEIL. Mr. Chairman, understand, I do not desire to criticise—

The CHAIRMAN. We were under the impression that perhaps you did.

Mr. O'NEIL. I find these conditions exist.

Mr. MOON. I am sorry to say that every word you say, in my opinion, is the truth.

The CHAIRMAN. I would say in that connection that the Republican side of the House does not consider that it has contributed in any way to that decadence of the House of Representatives.

Mr. MOON. You have been in power since it was done.

Mr. O'NEIL. Whether the Republicans or Democrats were in control the same condition of affairs would exist. I am diverging. I have no right to come here and blame you. I say this, that you have

given us a hearing and you have acted courteously toward us. You must understand that we are almost fanatics—or at least I plead guilty to being almost a fanatic on this subject. We thought at first that there was a spirit on the part of this committee not to make this a calm, deliberate investigation; that there was desire on the part of certain members of the committee to not only act as judge and jury, but to also take the part of prosecuting attorney in this matter.

The CHAIRMAN. I would say to you that these hearings were opened up some time ago, and you will please remember that the hearings had been closed, practically, by the committee, and that out of courtesy to your delegation we reopened the hearings so as to give you an opportunity.

Mr. O'NEIL. And that is why I say—

Mr. MOON. Will you please tell us when we had any hearings?

The CHAIRMAN. We had lengthy hearings.

Mr. MOON. I want to say, with all respect, that the subcommittee appointed, consisting of three Republicans and two Democrats, were to formulate a bill; that the three Republicans formulated the bill, and the Democrats never even had an opportunity to consider it—

The CHAIRMAN. My recollection is we were together.

Mr. MOON. We came together once and talked a few minutes, and the chairman did not have time, and put it off.

The CHAIRMAN. Was it not the suggestion of the gentleman from Tennessee?

Mr. MOON (continuing). And decided to report it at once, owing to something on the floor—

The CHAIRMAN. Was it not the idea expressed then by Mr. Moon that a bill would probably be reported by the Republicans—

Mr. MOON. I certainly expected you to do that and nothing else.

Mr. CAPRON. I would like to ask my friend Judge Moon if he expects to go into this matter except in an advisory, academic capacity, anyhow?

Mr. MOON. I will say to my friend that before the decadence of the House of Representatives, as pictured by my friend from Arizona, we took some part in the action of this committee; that lately our position has been in the nature of academic advisers, but that we expect to show you before we get through with this bill that there is something quite practical in us.

Mr. MCKINNEY. I understand your position is that we have been very unfair in our interrogatories to you gentlemen who represent the sentiment of Arizona?

Mr. O'NEIL. No, sir; I have not charged that. I have said that we are pretty nearly fanatics on this subject and we might be led to assume that; but I also said that we have had a fair hearing, and I will say now that by reason of the committee having considered this, you may have formulated an opinion and gone to the extent of committing yourselves on certain lines whereby it would be difficult and by reason of which it would be difficult for us, even by the production of reasons, to change your opinion. I will say that, and I think I am fair in making that statement.

Mr. MCKINNEY. How are we to get a knowledge of those conditions unless we assume that you gentlemen will fairly represent the

sentiment of the Territories—unless we do interrogate you? You charge us as being prosecuting attorneys?

Mr. O'NEIL. No; I said there was a feeling among some of us, perhaps by reason of our being almost fanatics on the subject, that we thought some of you assumed the position of prosecuting attorneys.

Mr. McKINNEY. Your assault has been all the time against the people of New Mexico.

Mr. O'NEIL. No; I beg the gentleman's pardon. I will say this, that the only thing brought out before this committee derogatory to New Mexico was a reluctant response made by some gentleman from Arizona.

Mr. McKINNEY. Did you not say that the House of Representatives was not doing its duty and that this committee was not doing its duty?

Mr. O'NEIL. No, no; that was a commenting on drifting away from the fundamental principles of government in this respect: That by the reason of the enormous number of members of Congress, by reason of complication of party politics, the individual is sunk in the party organization in the House of Representatives, which I desired to convey to the gentlemen here.

Mr. McKINNEY. You understand that there has been no one here that has advocated the rights of New Mexico, if New Mexico is to be considered?

Mr. O'NEIL. I understand so. We will not hesitate a moment to urge the rights of New Mexico to be admitted instanter. We say New Mexico is entitled to statehood alone.

Mr. McKINNEY. Why is it that you are so strenuously opposed to being joined with it if they are capable of becoming a State of American citizens?

Mr. O'NEIL. Because in that Territory I know they do not properly assess their property; they do not levy just and fair taxes, and I will say because \$330,000,000 worth of property in the Territory of New Mexico is assessed at less than 15 per cent of its value. I will say that we do not want to join in statehood with New Mexico because the aspirations and ambitions of the people that populate the Territory of New Mexico and the Territory of Arizona differ. I will say that we have different interests; we have mining interests; we have interests that are in conflict with the Territory of New Mexico.

The CHAIRMAN. Are the mining interests in conflict with agricultural interests?

Mr. O'NEIL. No; I said that we have mining and agricultural interests. I say this, there they have large land grants: we have no land grants. The people of New Mexico have adopted a code of laws, and they are well satisfied with them, and we have adopted a code of laws, and they conflict to a great extent.

The CHAIRMAN. Both codes are from the same States, however, are they not?

Mr. O'NEIL. No.

Mr. HIGGINS. But is it not true that both Territories, from a geographical standpoint, and so on, have a great deal in common?

Mr. O'NEIL. No, sir; because when the world was built the great designer of the universe created the American Divide to separate us. I will say this, that the people of New Mexico are satisfied with their own laws. We hear no kick from them.

Mr. McKINNEY. Is it not a fact, stated by another member of your delegation, that there is a move on foot now in New Mexico to borrow the laws of Arizona?

Mr. O'NEIL. That shows that they are progressive.

Mr. McKINNEY. But you said they were satisfied with their laws, and now you say it shows their progressiveness to borrow your laws?

Mr. O'NEIL. No, sir; that was simply to borrow the sanitary laws.

Mr. McKINNEY. I understood it was the statutes.

Mr. O'NEIL. I have made that statement in response to your questions.

I have some things here that I desire to enlighten the committee on. I will be as brief as possible. I want to speak to the point—give this explanation about the taxation of mines in Arizona. I am interested as a taxpayer in the Territory of Arizona. I do not advocate a burden of taxation on the mines; I have promoted mines, and I know how difficult it is to bring capital into the Territory of Arizona and get capital interested in mining enterprises, and I know this: That for every mine that is opened up and developed—and it takes a lot of money to develop a mine, and especially copper properties, not only in the developing and blocking out of the ore, but in the equipment of reduction plants—and everyone that is opened up enhances the value of my property, and every piece of ranch property in Arizona, by reason of giving to us one of the finest markets in the world, where we can get the highest price for our commodities.

Now, then, again, you do not realize that in the county of Yavapai there have been 18,000 mining locations recorded, that in Cochise there have been some 60,000, in Mohave County nearly 15,000, in Maricopa County—a county that is not a mining county—nearly 12,000, and the same is true in every county except Apache County. That means that prospectors have gone over the hills again and again and seeing indications of minerals have filed their claims and done a little work. A great many of those claims have been abandoned, but there are a great many who are holding on, and each one of them thinks he is going to get a great producer, and you will find that those men go wild when you talk of assessing mines with a bullion tax. That is the sentiment among the people who elect the assessor. I have talked with men—at the last session I talked with Senator Clark, or rather Mr. Clark's representative, Mr. Charles Clark, Mr. Douglas, Mr. Frank Murphy, and others—and they say that they are willing to have a reasonable tax; but you can not understand the mining situation in that Territory, and I will say that there is no lawyer east of the Mississippi River, hardly, that understands mining conditions.

I will go further. On the Supreme Court of the United States to-day there is not a man that understands mining law, and there has not been since the late Mr. Justice Field died. You do not understand it any more than you understand the doctrine of the appropriation of water. When I first went to Arizona I read a case deciding the Peach Springs water case. There was a fellow pumping water and a fellow went in near and started to pump water. The courts restrained him from using that water because it impaired the flow of the Peach Springs company. I thought that was horrible. It is entirely different from the old common-law doctrine to the effect that a man who owns a piece of earth owns it down to the center of the

earth, everything above and below, from heaven to hell. That is not true out there in reference to the law. One lawsuit filed in Salt River Valley involves 35 defendants as to the rights of the appropriation of water. These problems are not understood here in Washington. We have endeavored to present them to you. If there is any doubt in the minds of the committee I would like to have them ask questions, and I will endeavor to answer them to the best of my ability.

I am going to close by referring to the Tucson convention. I went to the Tucson convention, and there were others there. Brother Rodey was there. I say I went over and several others went over from Maricopa County. Do you know how many went over from Santa Cruz County? There was Allen Byrd and Ainsworth and one other.

The CHAIRMAN. Could you not recall his name?

Mr. O'NEIL. Yes; Tommy Preston.

The CHAIRMAN. And Pin Head what?

Mr. O'NEIL. Pin Head Hughes. But they would not let Pin Head Hughes upon the platform. And those people that were there were very much like myself, there seeing what was going on. They didn't have any resolutions and didn't dare offer any, because they would have been voted down absolutely.

Mr. REID. Is that the meeting that Mr. Rodey addressed?

Mr. O'NEIL. Yes.

Mr. REID. And no resolutions were offered?

Mr. O'NEIL. No, sir.

Mr. REID. There was no test of the sentiment of the people there?

Mr. O'NEIL. No, sir.

Mr. RODEY. I have refrained from "butting in," although you can understand my provocation at times. I have refrained because I do not expect to be interrupted when I address the committee.

Mr. MOON. You will be mistaken, then.

Mr. RODEY. Not by outsiders.

Mr. O'NEIL. They held that Tucson convention and they did not attempt to get the sentiment of the people. You have a paper here in which it states that there were a lot of people at that meeting; but, as I say, they did not offer any resolutions, and did not dare to do so. But there was another convention in which they declared against joint statehood, and there were thousands of people there. In that meeting eight men sent in letters saying that they had signed for joint statehood not knowing what they were signing. The Tucson Citizen has gone to Pin Head Hughes and asked him time and time again to furnish a list of the men in Tucson who were in favor of joint statehood, and he has refrained from doing it.

Now, I thank you for your consideration and courtesy. I want to say in regard to this proposition that I believe in God. I have known the time on the desert where a man wanted water, had to have water, and where God has pulled him out. So I say I believe in God and in prayer; and I believe the only way these members will be swayed will be through prayer and through the influence of God.

Mr. HEARD. We had expected to have with us Father ———, a missionary of the Catholic Church, who has traveled for seventeen years, and knows our country—an ardent believer in the fact that we are right in our position against joint statehood. He could speak

for the people he knows thoroughly. Unfortunately he is not able to be here, and I would like, with your permission, to say a few words in closing.

The CHAIRMAN. I wish to say this, gentlemen of the committee: We have extended the hearings much beyond what we originally intended this afternoon, and it was the desire of some members of the committee that some others might be heard upon the other side of this question. At least, it was desired to give Mr. Rodey a chance to be heard.

Mr. HEARD. It would be a pleasure for us to hear him.

Mr. RIGGS. May I ask a question?

The CHAIRMAN. Without objection.

Mr. RIGGS. I would like to know from the Chair what relevancy Mr. Rodey's speech will have, since we concede all that he will put forth?

The CHAIRMAN. Well, if you will let it go on file that you admit all that he will say—

Mr. HEARD. We can hardly do that. I want to say, first, speaking for the Arizona delegation, that we appreciate thoroughly the hearing that you have given us.

The CHAIRMAN. I want to say, somewhat as spokesman for the committee, that the committee has enjoyed having you Arizona people here before us, and it has been a great pleasure to listen to you, and we shall cherish a very pleasant remembrance of your visit here and your appearance before the committee.

Mr. HEARD. We are very much in earnest in this matter, and at times these sessions have waxed warm, but I am sure no member of our delegation for a minute believes but what you gentlemen personally want to give us a square deal. That is all we ask for, gentlemen, a square deal, and a square deal to us means this: That we be left alone to work out our destiny within our own boundaries, with American laws, with a complete system of American institutions already established.

There has been some question raised in this committee as to whether the future of Arizona was safe in the hands of the people of Arizona. We gentlemen who are here for Arizona are absolutely confident of our future; we are absolutely confident that we have those resources which will be so developed that we will be a great State; we are absolutely confident that we have a class of people there who will make a great people; we are absolutely confident that the class of people who are steadily coming into our Territory, largely from the Central and Northern States, are a very desirable class of people; we are absolutely confident that we have one of the best school systems that exists in the United States, and we have no fear of the future. We merely ask of you gentlemen to let us alone, and we promise you that the future will show Arizona a State great in population, great in resources.

Now, some question has been raised as to whether Arizona was really developing or not, and I have with me some very significant statistics which I would like to read to this committee and to present as part of my argument. They are as follows:

In 1894, according to the school census, there were in Arizona 15,383 school children. I want particularly to call attention to this fact. Michigan is a State always strong on the school question.

These figures are so pertinent I want them to sink into your minds, Mr. Chairman and gentlemen. In 1894 our school population was, as I have said, 15,383; in June, 1904, the school children numbered 27,395—an increase of nearly 100 per cent. The teachers in 1894 were 293 in number; in 1904 they had increased until there were 550. The salaries paid in 1894 were \$138,546; in 1904 the salaries paid school-teachers amounted to \$258,409. The school expenses in 1894 were \$176,039; in 1904 they were \$394,392. The value of school property in 1894 was \$401,890; in 1904 it has increased to \$883,479. In every line, very nearly, an increase of 100 per cent.

Now, gentlemen, much attention has been given here to the fact that mining and great railroad corporations may exercise an undue influence in Arizona. I want to declare my personal views on that question. I am personally a strong advocate of a bullion tax. I believe that if there are inequalities of taxation in Arizona, as undoubtedly do exist, that that is the way to adjust the matter so far as mining properties are concerned. I believe that our governor, in his recent attempt to adjust inequalities, has taken a bold and courageous stand, and I shall present here in evidence the proceedings of the Territorial board of equalization, which shows that in an effort to remedy what are believed to be inequalities of taxation the last board of equalization raised the taxable property in the Territory \$12,000,000, a large portion of it being mining properties.

Another point made here, upon which great stress has been laid, is this: That the act was passed by the United States Congress and approved June 27, 1892, in which the Santa Fe Railroad, in lieu of all other taxes, paid to the Territory of Arizona per mile of track \$175 per year.

The CHAIRMAN. Also New Mexico.

Mr. HEARD. I know nothing as to New Mexico as to that subject, but I am referring to Arizona. That law was passed by Congress, and it distinctly states in section 4 of that act that Congress shall at all times have power to alter, amend, or repeal this act. Now, my claim is that if that act be unwise, if it be unfair, it is up to Congress to repeal it, amend it, or rectify it. As to whether the Santa Fe road is not paying proper taxes or not, let us get at the taxation of the other railroads in the Territory. The Santa Fe road pays an annual tax of \$175 per mile of track. Comparing this with the Southern Pacific taxes we find as follows: Taking Maricopa County as an example, the Southern Pacific pays annually per mile of track, on the valuation fixed by the board of equalization, as follows: "Territorial tax at the rate of 95 per \$100, \$67.69; county tax at the rate of 130 per \$100, \$92.67; city tax at the rate of 1 per \$100, \$71.25; or within the city of Phoenix it pays a tax of \$232.61 per mile. In the county of Maricopa, outside of the limits of Phoenix, it pays \$170.36 per mile. It shows that there is not that great difference, that there is not such a fearfully crying evil as has been referred to in this committee.

I believe in railroad companies and in mining companies paying their just share of taxation, and I do believe that there should be nothing done which shall drive the railroad companies or the mining companies out of the country, because agriculture and mining in our Territory go hand in hand. The irrigated valleys supply what is needed in the hills by the mining men.

To give you an example of what the Salt River Valley is doing, there is a constant demand for everything that is produced there, and where does that demand come from? It comes largely from the mines without our Territory. Of course our beef cattle are shipped largely to California. As to what we are doing to-day, the record of the railroad companies in Phoenix and the towns adjoining it showed last year we shipped from that valley 30,000 head of beef cattle, over 20 carloads of oranges; that the honey association shipped over 30 carloads of honey; that there were shipped over 80 carloads of cantaloupes, and many carloads of fruit of different kinds; an immense amount of butter and eggs and various products. We have to-day in the Salt River Valley 6 large creameries in actual operation. We manufacture each day there over 24,000 pounds of butter. These things are all in the beginning; this has been done with an irregular water supply, torrential in its character; we are regulating that. And where we have produced 1 ton of alfalfa we will produce 2 in the future. All our production will increase in the future, and in addition to that there will be this vast area of new land brought in. We are confident of our nature. We only beg and pray that you let us alone, and as American citizens we will make a State eventually that you will be proud of.

The CHAIRMAN. Bearing upon this tax of the Santa Fe road, permit me to read your governor's report, from page 19, speaking of this rate. He says:

This flat rate is arbitrary, and must in every instance be greater or less than the rule of equality would impose. At a 3 per cent rate of taxation (which is probably less than the actual rate) this would fix the valuation of one of, if not the most, valuable railroad lines in the Territory at \$5,833.33 a mile. It would seem, therefore, unequal to assess a railroad of no greater actual value at a higher rate, just as it destroys every notion of equality to assess arbitrarily 390.99 miles of a total of 1,837 miles at \$5,833.33, or approximately that, and wholly exempt another 558 miles of the total mileage from any taxation.

In that connection it appears that the Southern Pacific is fixed for taxation at a value of \$7,022 per mile.

Mr. HEARD. Seven thousand one hundred and twenty-five dollars, I think.

The CHAIRMAN. The census report is \$7,022. And the El Paso and Southwestern is fixed at \$6,750, and so on. I should take it that the governor strikes the keynote of the difficulty there, Mr. Heard.

Mr. WEBB. As a new member on this committee, I would ask what the opinion of the committee is as to the right of Congress to remedy those evils?

Mr. POWERS. If they have reserved the right to order a repeal they can do it, but it is not generally done.

Mr. WEBB. They have the right?

Mr. HEARD. They have the right here.

Mr. POWERS. But it is very rarely, if ever, done.

Mr. HEARD. Here is an act in which the right is reserved.

The CHAIRMAN. This is the first time this question has been submitted to the committee.

Mr. WEBB. I did not know how that was, and asked for information.

Mr. LLOYD. That would be a basis of \$5,833.

The CHAIRMAN. He says at a 3 per cent rate.

Mr. LLOYD. Now, is not that pretty nearly what we are paying in the States? I think so.

The CHAIRMAN. All I know is what the governor of Arizona says, and I think the committee should know that, that is all.

Mr. HEARD. Mr. Chairman, may I say a word?

The CHAIRMAN. Mr. Cole says that he knows of no roads that are assessed at less than \$18,000 in Ohio.

Mr. HEARD. Just one word. You have frequently quoted the report of the Governor of Arizona, which I consider a very able document, and I think if you quote so frequently from that report you ought to read to this committee his conclusions upon the subject of joint statehood, in which he makes one of the most able arguments I have seen against joint statehood.

The CHAIRMAN. Do me the justice to remember that early in these hearings I referred to that and said that I regarded it as a very able argument, although personally I did not agree with it.

Mr. HEARD. I would like to ask that there be incorporated in my remarks all he says about joint statehood in the last part of his report.

The part of the report of Governor Kibbey, of Arizona, referred to by Mr. Heard is as follows (also proceedings of board of equalization):

STATEHOOD.

The defeat of the bill enabling New Mexico and Arizona to jointly form a State constitution, and providing for their ultimate admission to the Union as one State, was received by the people of the Territory with universal gratification. The small margin by which the defeat was effected in the Senate and the prompt avowal by the friends and advocates of that measure of their purpose to renew their efforts at the next ensuing session of Congress has, however, excited general alarm.

The proposed union is regarded by our people as a menace to the prosperity and progress of the Territory.

For more than forty years the people of the two communities have lived in separate Territories, and whatever of progress or achievement they have attained they have attained them under totally different conditions, both artificial and natural. The proposed union involves necessarily a change in those artificial conditions. Either the people of New Mexico will have to abandon her laws and customs and adopt those of Arizona or the people of Arizona will have to submit to those of New Mexico. As New Mexico has the larger population, it is not to be expected that the people of that Territory will voluntarily abandon their laws, their habits, and customs to adjust themselves to those prevalent in Arizona. There is no reason that they should do so; if there were, then those laws would long ago have assimilated themselves to our own. It is not at all probable that New Mexicans would be persuaded that Arizona laws are to be preferred to their own, nor is it any more probable that Arizonians would have preference for those of New Mexico.

The question of which of the two systems is better adapted to the purposes of the government of the people of the proposed joint State is not necessarily involved; if it were, it would be useless to discuss it. If there are any lines upon which there would be apt to be a division, the people of New Mexico, being the more numerous, would prevail. To suppose that it would be otherwise is to suppose that the New Mexicans have deliberately adopted a system of laws with which they are dissatisfied, and yet one which they persistently retain. It is true that a system of laws different from that prevalent in either of the two Territories might be adopted for the government of the two Territories when they shall have jointly become a State, but this is improbable, as it involves an abandonment by the people of both of the Territories of habits, customs, and laws to which they have long become accustomed, and with which it must be presumed they are satisfied. This presupposes a double sacrifice—the voluntary abandonment by each of those customs, habits, and laws which have been the means or the incidents of their separate development and the adoption of a radically different set of rules to govern them in the future. And it is not a question whether it might not be well for both that a new system of rules should

be adopted. That may be conceded, for it may be true of every Commonwealth in the Union, but if it is it must be viewed from that standpoint from which no true American will consent to view the matter. That standpoint is the one of the superior wisdom and benevolence of the proposed lawmaker to those to be governed by the proposed law. The American, or the citizen of any free and independent state, will not concede the superior wisdom and benevolence of the lawmaker unless he himself is that lawmaker. We have been taught to believe that any other lawmaker than the people themselves is necessarily a tyrant, and laws so made tyrannical edicts against which it is patriotic and heroic to rebel. Sophistry and philosophy may either teach a different rule, but Americans are not apt pupils in that school.

That all just governments must derive their powers from the consent of the governed is a fundamental dogma of all American institutions. It admits of neither dispute nor argument. In recognition of and in consonance with this doctrine Congress, in 1863, gave to the people of the Territory of Arizona the power to legislate upon all rightful subjects of legislation not inconsistent with the Constitution and laws of the United States. It is not necessary to discuss the origin of the power of Congress to grant this power of self-government, nor even to admit it, for it is fully, freely, and unquestionably acquiesced in; nor is it necessary by the application of the fundamental dogma that the power was not a subject of grant by Congress, as that power was always and always will be inherent in the people, independent of their inclination or ability to assent to or exercise. Later Congress imposed on the legislative power of the Territories further limitations, but this does not impute a want of the ability in the Territories of self-government, for these limitations are identically those imposed by the constitutions of many of the States upon their own legislatures. They were found by practice and experience to be beneficial there, and under the peculiar system of the government of the two Territories the people of the Territories could not, as the people of a State can, prescribe these limitations. Congress, in which that power is temporarily and by necessity vested, did impose those limitations.

Under this plenary power of legislation, subject to limitations less restrictive than those probably imposed by any of the legislatures of any of the States, whether self-imposed or not, Arizona originated, or adopted, and put in operation her own system of laws, and for more than forty years has had its being, attained its present development, and established those principles of jurisprudence that are designed to foster and promote further progress and achievement, under those laws and their logical development. That better laws might be devised, or that those which we have might be better enforced may be conceded; but it can not be conceded that any other people or power than the people of Arizona has the right to devise or enforce them, except only, until we have attained the dignity of statehood, Congress itself.

It can not be justly asserted by those who revere American institutions that that complete local self-government which is naturally vested in the people of the States should be denied to the people of the Territories because of a lack of the intelligence of the people of those Territories, their want of moral development, or their incapacity to understand or appreciate the principles of self-government. That denial must be justified on other grounds, if at all. That a community is too small numerically, relative to the extent of the territory occupied, and does not possess the wealth necessary to assume the burden of a State government may be admitted to be a sufficient reason for the establishment and maintenance of a temporary Territorial form of government prevalent in the United States. The reason is not inherent in the people themselves, but in the conditions incident to their place of residence. But while, for this reason, they may be denied self-government as complete as that which the people of a State enjoy, they are not withdrawn from the principle of the American doctrine that the just powers of government are derived from the consent of the governed.

The bill for the joint statehood of New Mexico and Arizona, which passed the lower House of Congress at the last session and which was so narrowly defeated in the Senate, distinctly violated this principle. While professing to be merely an act to enable the people of the two Territories to effect jointure, and being joined, to frame and adopt a constitution and thereafter be admitted as a State of the Union, the bill, if it had become a law, instantly effected the jointure by its own operations without the consent of the people of either Territory. The bill provided for a constitutional convention of delegates, elected from the two Territories, joined for that purpose. The separate and distinct entity of the peoples of the two Territories was wholly ignored, and only the united people of

both was considered. The jointure was at once effected. The apportionment of a certain number of delegates to Arizona and a certain number to New Mexico was not based upon any notion of two separate and distinct peoples, nor as a recognition of their independence of each other, but as a more convenient method of apportionment. Upon the assemblage of the convention so constituted every such distinction would disappear. The delegate from a locality in Arizona would have no other or further rights, could exercise no other functions, and would be entitled to no other consideration, nor exercise any other influence as a member of that body than could any delegate from any locality in New Mexico; nor could the aggregate number of delegates from that extent of country within the boundaries of Arizona have or exercise any rights, privileges, or powers other than a like number from the Territory of New Mexico. The distinction in theory and in practice, it is obvious, would entirely disappear.

The powers, rights, and privileges of the aggregate number of delegates from Arizona were not to be equal to the powers, rights, and privileges of the aggregate number of delegates from New Mexico, because the number apportioned to New Mexico greatly exceeded the number apportioned to Arizona; and in this is an instance of the flagrant violation of the American principle that the just powers of government are derived from the consent of the governed. It would thus be made possible that the delegates from New Mexico, in a convention thus constituted, could form and adopt a constitution repugnant in every particular to the people of Arizona, subversive of their interests, impeding their progress, offending their pride, and humiliating them to the last degree against the will and protest of every delegate from Arizona.

It is not a sufficient argument for the proposed law to say that it is not probable that the New Mexicans would do this. They do now have a different system of laws, one we conceive to be not adapted to our genius, and which is of their own choosing. What would prevent their injecting it into the proposed constitution? What reason can we give for their not doing it? But it is submitted that the fact that the proposed law makes this possible is sufficient to condemn it as unjust, unwise, and peculiarly un-American.

Again, it is provided by the proposed law that when the constitution shall have been framed and adopted by the convention it shall be submitted to the people, not of Arizona, nor of New Mexico, but to the people of the two Territories joined for that purpose, for ratification or rejection. Thus it will be seen that the jointure will have been effected by mere force of the bill and without the consent of the people being either asked or given. By this process a constitution may be framed by the convention against the protest of every Arizona delegate, and may be ratified and become the fundamental law governing Arizonians, notwithstanding the negative and dissenting vote of every elector in Arizona.

There is no doubt that an overwhelming vote of the people of Arizona would be recorded against any constitution which involved the jointure of the two Territories as one State. Yet, notwithstanding that, we would be by the preponderant vote of the New Mexicans subjected irrevocably to a fundamental law against which we in vain and uselessly protested.

Again, the proposed law provides for the election of State officers at the same election as that at which the question of the ratification or rejection of the proposed constitution is submitted, proceeding upon the theory of an already effected union of the two Territories. This provision, we are frankly told, was made to insure the adoption of the constitution by exciting partisan strife for office.

So completely would the people of Arizona be bound by the domination, influence, and numerical preponderance of New Mexico that, even if they should refuse to elect or to send delegates to the constitutional convention and should refuse to open the polls for votes at the election called to ratify or reject the proposed constitution, they would nevertheless, against their will, become subject to a State government and a State constitution to which they in no wise gave their consent. If it should be said that the people of Arizona would not have any right to object if she took no part in the State-making process—that their absence from the polls conclusively implied their assent—then we are forced to the position that there is no alternative for us. If we should not go to the polls, we are presumed to assent; if we do go to the polls and are overwhelmingly outvoted by the New Mexicans, we are bound directly against our consent.

It may be said by some that a majority of Arizonians would favor joint statehood and a constitution involving that form of government; or it may be

said that possibly a majority of the people of New Mexico and a majority of the people of Arizona are opposed to joint statehood. No fair-minded Arizona. No one can safely predict the action of the people of New Mexico. could receive the majority of the votes cast at an election in Arizona. The most conservative Arizonian will say at once that there would be an overwhelming majority against such a constitution.

The question whether the New Mexicans, with their numerical preponderance in the convention and at the polls, would accede to our views, or whether we might not agree instantly upon a new policy for the new State, is an assumption that does not warrant the closing of the door against the people of Arizona; no one can safely predict the action of the people of New Mexico. The principle itself proposed in the joint statehood legislation is wrong and subversive of the rights of any people. If it were only a question of agreement, then it should be submitted to the people of the two Territories separately. The jointure ought to be effected only after the people agree upon it.

If it were proposed to call a convention of delegates elected by the people of New York and by the people of Massachusetts, the number to be in the proportion of the respective population of the two States, each of the delegates to have one vote in the convention, and if that convention were charged with the framing of a constitution for the government of the people of the two States, and if the question of the ratification of that constitution were to be determined by a majority of all the votes cast in both States at an election called for that purpose, the matter would present itself very forcibly to the people of those two States, and there could be no question that the proposition would be denounced as violating every principle of right and justice, and that particularly fundamental one that the just powers of government are derived from the consent of the governed.

Of course, it would be objected to any such proposition that the Constitution itself inhibits the junction of two or more States without the consent of the legislatures of the States concerned, as well as of the Congress. But it must be admitted that it is not wise or just to join two States as one without the consent of both separately given, independently of the question whether the Constitution forbids it. The justice or injustice, the wisdom or folly, of such a procedure is not dependent upon the expressions of constitutional provisions. It was because it was unjust to the people of any State to compel them to be subjected to a system of laws to which they did not assent that this provision was placed in the Constitution. By inserting it there was no new standard of justice raised; and the injustice of the proposition to join the two separate and distinct peoples, and thereby subject either or both to a government which is repugnant to them or either of them, is absolutely independent of the constitutional provision.

The answer to the proposition to effect the junction of New York and Massachusetts in the manner proposed for the junction of New Mexico and Arizona—that it would be unconstitutional—would, in legal contemplation, be conclusive. That it would be unconstitutional must be admitted. But the answer simply reverts us to the inquiry as to why the constitutional inhibition was inserted; and the answer to that is that it would be unjust to compel such a junction without the assent of the people concerned. In short, it is not unjust because the Constitution inhibits it, but the Constitution inhibits it because it is confessedly unjust. And in proportion as we lose sight of and ignore this distinction we are apt to depart from the correct theory and practice of just and wise government. It doubtless will be argued at once that the constitutional inhibition cited is not applicable to the Territories; that, in terms, it applies only to States. That it does or does not apply to the Territories by strict construction is not important. The broad doctrine that the just powers of government must be derived from the consent of the governed finds in this constitutional provision a specific application—that is, that the separate peoples of two States shall not be subjected to a government to which they do not separately consent. And that doctrine has no rational or just limitation by any refined distinction between a "State" and a "Territory." The "State" and the "Territory" may import different forms of government, but they are both distinctively and essentially American, with all that term implies.

That under American institutions and in accord with American notions of government every power of government resides primarily in the people will hardly be disputed; at any rate, it will not be here admitted to be a subject of argument. It was the people of the United States that ordained and established the Federal Constitution, and it was the people of the various States, separately

and without interference by other States or by the General Government, that framed and adopted the fundamental laws of those States. That there may be a difference between a State and the people inhabiting it—that they may constitute different entities—is not a matter of consideration here. If there be a difference, and if they are different entities, the State in any event must be the creation of the people and existing only by their will. It can not be conceived that a State has any power or can exercise any function except the will of the people, in whom the ultimate power is vested. What a "State" is might be a very interesting subject of academic discussion, but we do not see its importance here. In the particular clause of the Federal Constitution to which I have referred—that inhibiting the junction of two States—the word "State" in its singular or plural form is used six times. It is not probable that the framers of the Constitution intended it to have as many meanings, or that it should have more than one. That in any of its uses there the meaning of the word State should be taken to be a people or community inhabiting a defined extent of territory over which the laws enacted by that people have validity and force would be sufficiently definitive, at least for our purpose, seems obvious. That new States may be admitted into the Union presupposes the existence of the State prior to admission—that is, existence of a people inhabiting a defined extent of territory over which the laws enacted by that people have validity and force.

It is certain that Congress is not authorized to make or create a State. The State must have its existence, its beginnings, its creation, otherwise than by any act of Congress, and doubtless it is inherent in the people inhabiting the defined extent of territory. What does a Territory lack of being a State? There are States that are not States of this Union, or of any union. The Constitution recognizes this fact repeatedly, as where it guarantees to "any State in this Union" a republican form of government, etc. The term is not peculiar to republics or unions of republics. What is there in the situation of a people inhabiting an organized Territory that withdraws them from the application of the fundamental American doctrine that the just powers of government must be derived from the consent of the governed? Is it because Congress has full power to make all needful rules and regulations respecting the territory and other property of the United States, or that the power of Congress to govern the Territories is incident to the power to acquire new territory by conquest, purchase, cession, or otherwise?

But whatever the source of that power, so far at least as it relates to Arizona and New Mexico or the people of those Territories, it is purely temporary. As a mere expedient, possibly from necessity, and until the people of the Territory shall have attained numbers and wealth sufficient to take upon themselves an independent local government, the power to govern them is assumed and exercised by the Federal Government. But the power of such temporary government certainly did not include the power to create or compel the creation of a permanent government against the will of the people of the Territory. It certainly will not be denied that there is no right guaranteed to the people of the United States or to the people of any State of the Union by the Federal Constitution that is not by that same instrument guaranteed to the people of Arizona. In every right incident to American citizenship the citizen of Arizona is the equal to the citizen of any State of the Union. That he can not exercise some of the rights of American citizenship is a temporary deprivation due to temporary conditions. And it is submitted that in the aggregate as a people inhabiting a defined Territory, exercising therein the rights of self-government, the people of Arizona are as much the beneficiaries of that fundamental doctrine that the just powers of government are derived from the consent of the governed as are the people of any other extent of territory within the limits of the Union, whether in a State of the Union or not. Whatever power Congress has over that people, it never had and by the very genius of American institutions could not have the right to exercise it in derogation of the rights of American citizens.

To regard the people of Arizona and the country they inhabit as a mere dependency of the Federal Government is not to be admitted. By the terms of the cession of the Territory to the United States the inhabitants became, without other act of theirs than mere continued residence there, citizens of the United States. It certainly will not be contended that those of the inhabitants of Arizona who migrated hither from other States lost any of the attributes of American citizenship. And these constitute the people of Arizona. The Indian seems to have no recognized political status, and is left out of consideration. The creation of a State, the formation of a constitution, and the enactment of laws

thereunder for the government of its people are all acts of the people of that particular extent of territory which they inhabit. They can originate nowhere else, and whether that people, being American citizens, residing upon American soil, shall have attained to sufficient numbers and have sufficiently developed its resources to assume its ability to maintain a government or not, its right to establish a State is absolute; and if that government is republican in form, its admission into the Union is a matter of right. There can be, it seems to me, no other logical conclusion. The power of the Federal Government to govern any people, whether of the States or of the Territories, is either expressed in the Constitution or is one inherent in all governments. If it is an inherent one it can not, notwithstanding its being extraconstitutional, be exercised in contravention of the will of the people or of the spirit of the Constitution. If it can be an expressed constitutional power, it must be exercised with complete regard for the rights of American citizens.

I suggested for illustration the substitution of New York and Massachusetts for New Mexico and Arizona in the situation in which the proposed joint statehood bill, if it became a law, would place them. Every argument that can be urged with any view to justice for the junction of New Mexico and Arizona into one State can, with even more force, be urged for the junction of New York and Massachusetts. If homogeneity of population be a reason for uniting two peoples into one system of government, then that reason is stronger in the case of New York and Massachusetts than in the case of New Mexico and Arizona. If community of interest be a reason, the stronger reason again is for the junction of the two great Commonwealths on the Atlantic than in the case of the Southwestern Territories; and so with intimacy of association. If increased extent of territory, population, wealth, and resources is any reason for the jointure of New Mexico and Arizona, and that prospect be a persuasive appeal to the pride, patriotism, or vanity of the proposed greater Arizona, would not the same appeal for the greater New York be as equally effective with the people of New York and Massachusetts? If freedom and ease of communication and commerce between the component parts be an argument for making one State of the two Territories, even a greater freedom and ease of such communication and commerce between the two States would present a more forcible argument for their junction. If the line between New Mexico and Arizona, separating them one from the other into two distinct peoples, is but an imaginary one, significant of nothing but that it is a boundary line, and it is assumed that therefore it should be ignored, so, too, by the same process of reasoning the line that separates New York and Massachusetts should be wiped off the map and known no more. If the necessary expenditure of public money for the maintenance of the proposed new State made of the two Territories would be less than the cost of the maintenance of two separate States, so, too, in probably greater degree would the cost of maintenance of a State made of the junction of the two States be less than the cost of the maintenance of the separate States. If the use of a common language, or the tradition of a common or an assimilative ancestry, suggests the propriety of the jointure of two hitherto separate peoples into one State, then it is incomparably more proper that one State be made of New York and Massachusetts than of New Mexico and Arizona. And likewise whatever of just and valid objection that could be urged against the junction of New York and Massachusetts can with equal justice be urged against the enforced jointure of the two Territories against the will of the people of either.

That the junction of New York and Massachusetts into one State would involve the loss to the people of two representatives in the Senate, or of a vote to ratify or reject an amendment to the Federal Constitution; or of a vote for President in the event the electoral college should fail to elect, does not destroy or even lessen the analogy I attempt to show between the States and Territories in the respects in which we have considered them, nor tend to mar the illustration I intended to make. On the contrary, these very things serve to make the analogy more complete, and to illumine the attempted illustration.

To deprive the people of a State, either directly or indirectly, of its rightful representation in making the laws, or in choosing the executors of the laws, is directly contrary to that fundamental doctrine that the just powers of government must be derived from the consent of the governed. And it is no more unjust and no more indefensible to take away a right from a people without their consent—a right that they have theretofore exercised—than it is for the Federal Government, charged only with the temporary government of the Territories of New Mexico and Arizona, to by any law or act make it impossible for the

people of those Territories ever to have and enjoy rights guaranteed to States by the Constitution. For every purpose for which Congress may legislate for Arizona or New Mexico, except for their temporary government, these Territories must be regarded as "States." Congress confessedly can make no law permanently affecting the people of either of these Territories concerning their local affairs. Any such law is instantly abrogated by the admission of the Territories into the Union.

It should be borne in mind that the Federal Government is under treaty obligations to admit the Mexicans who inhabited these Territories at the time of the cession into the Union. Congress certainly will not be less considerate of and just to those inhabitants of these Territories who were born citizens of the United States and have migrated from other States; it is for this reason, if for no other, that the power of Congress to govern these Territories is only temporary. For more than forty years citizens of other States have migrated to Arizona, attracted either by its promise of self-government, its wealth of undeveloped resources, or the salubrity of its climate. They have laboriously built up a Commonwealth, and whether it be great or contemptible, it has their allegiance, their loyalty, and their affection, and in it they have an abounding self-pride. A more patriotic people, a people more intensely American, or more devoted to the great Union than are Arizonians, inhabits no State or Territory within its confines.

They ask most respectfully, but most earnestly, that no law shall be passed by Congress which shall make Arizona a component part of any State without the consent of her people. Do not force a union upon her.

Upon the floor of the Senate, a most distinguished presence, while the bill for joint statehood was under discussion, an advocate of the passage of the bill gave utterance to the words of Lincoln that this is "a government of the people, by the people, and for the people." If that bill had become a law, or if a like one, which is threatened and feared, should become a law, the condition established would render the apothegm incomplete. Such a law would make it possible, and I am constrained to say that I believe, inevitable, that if a constitution were adopted and a State government established thereunder, it would be against the vote of an overwhelming majority of the voters of Arizona. In its application then the phrase should stand: "This is a government of the people of Arizona, by the people of New Mexico, for the people of Arizona."

Arizona yields ready assent to temporary government by the United States that is provided for by the treaty, possibly by the Constitution, and in any event it is a necessary temporary expedient. But it is submitted that there is just cause for complaint if Congress should pass a law that permanently subjects Arizona to a government to which she does not assent.

It is urged that the nation is interested in the question of the admission of Arizona to statehood. That is obvious. But a just nation—the American nation—can not have an interest to be subserved in subjecting Arizona to a State government against her consent; to compel her to accept a constitution repugnant to her people and to be governed by laws ill, or not at all, adapted to her genius or conditions. The nation could not have an interest that would justify that wrong. Many of those who advocated the passage of this bill upon the floors of Congress deprecated the follies and mistakes that mar the history of the admission of many of the States. Those follies and mistakes grew out of a departure from rules indicated by strict right and justice. There are some suggestive similarities in the history of this bill and the omnibus bill of 1850. The reputations of some very great men went upon the shoals then.

The solution of the situation is easy, in consonance with every principle of justice. If Arizona possesses the qualities necessary to the establishment and maintenance of a State government, she should be admitted. If she does not, then she should not be admitted, and her right should be held in abeyance until she does acquire them; and the question ought not to be determined by the question of the admission or exclusion of the other Territories, or any of them, any more than in 1850 the admission of California should have been made to depend upon the organization of the Territories of New Mexico and Utah. If, again, it seems to Congress that the welfare of the nation would be better promoted by the jointure of New Mexico and Arizona and the creation of one State out of the two Territories, the simplest and the only just plan is to provide for procuring the assent of the two peoples, if they in fact do assent. If either dissents, no interest of the nation will be jeopardized.

Arizona would be inhabited by a strange people if they did not want statehood, and want it earnestly, and strive for it zealously. If they did not want it,

then Arizona would not make a good State of the Union. But they want statehood for that Commonwealth which they have built up, in which their hopes are bound. They want it as their reward for their conquest of the desert; their searching of the mountains and disclosing the fabulous wealth of her mines. They want it for the protection and for the fostering of all her varied industries. As all their hopes, their ambition, and their pride are bound up in that State, they insist that they should be its designer and its builder.

The people of Arizona have had to contend and must yet contend against peculiar difficulties. To the denizen of the older States the conditions are anomalous. Climate and climatic conditions are so radically different from those found in almost every other part of the Union that different methods of warfare must be adopted in the attempted conquest of the desert.

Whatever of glory may be in the final conquest, whatever of happiness it may bring to her people, should by right belong to them. The notion of a "Greater Arizona" with the elimination of Arizona does not appeal to her people. For years Arizona has asked to be admitted to the Union, and will continue to ask. And she does not believe that a just nation will exercise a power to punish her for her temerity in asking for her own.

Yours, respectfully,

JOSEPH H. KIBBEY,
Governor.

Hon. E. A. HITCHCOCK,
Secretary of the Interior, Washington, D. C.

PROCEEDINGS OF THE TERRITORIAL BOARD OF EQUALIZATION, 1905.

OFFICE OF THE TERRITORIAL BOARD OF EQUALIZATION.

Phoenix, Ariz., August 14, 1905.

In accordance with paragraph 3879 (sec. 49) of Chapter IV, title 62, Revised Statutes of Arizona of 1901, the Territorial board of equalization met this day at its office in the capitol building, at Phoenix, Ariz., at 10 o'clock a. m.

The meeting was called to order by the chairman, Hon. Wesley A. Hill. The secretary called the roll, which showed all members present, as follows:

Alfred S. Donau, member from first district.
Charles Bowman, member from second district.
Frank H. Parker, member from third district.
John X. Woods, member from fourth district.
Charles F. Solomon, member from fifth district.

Upon motion of Mr. Donau, seconded by Mr. Solomon, duly put and carried, the board called upon the governor at the executive chambers.

The chairman presented the board with the assessment rolls for the year 1905 of each of the several counties of the Territory.

The board then proceeded to determine the tax levy for Territorial purposes for the current year 1905, and, upon motion of Mr. Solomon, seconded by Mr. Bowman, duly put and carried, the following was declared to constitute the same for the year 1905:

Tax levy for 1905.

1. General fund, paragraph 3831, Revised Statutes 1901-----	\$0.1803
2. Insane asylum interest fund, paragraph 3615, Revised Statutes 1901-----	.10
3. Normal school fund, paragraph 3702, Revised Statutes 1901-----	.05
4. Territorial school fund, paragraph 2246, Revised Statutes 1901-----	.03
5. University fund, paragraph 3652, Revised Statutes 1901-----	.06
6. Prison fund, paragraph 3601, Revised Statutes 1901-----	.12
7. Ranger fund, paragraph 3229, Revised Statutes 1901-----	.05
8. Redemption fund, paragraph 3615, Revised Statutes 1901-----	.0225
9. Interest World's Fair bonds, Act 103, laws 1891-----	.003
10. Interest fund, paragraph 2047, organic laws and act of Congress of 1890-----	.13
11. University interest fund, paragraph 3663, Revised Statutes 1901-----	.005
12. Capitol interest fund, Act 9, laws 1897-----	.012
13. Tempe Normal School building fund, Act 38, section 1, laws 1903--	.055
14. Tempe Normal School fund, Act 48, laws 1903-----	.025
15. University interest fund, Act 47, section 10, laws 1903-----	.001
16. Northern Arizona Normal School fund, Act 71, laws 1903-----	.03
17. Northern Arizona Normal School fund, section 2, Act 71, 1903-----	.015

18. Tempe Normal School building fund, chapter 43, laws 1905-----	\$0. 015
19. Territorial Industrial School maintenance fund, chapter 50, section 1, laws 1905-----	. 04
20. Interest St. Louis Exposition bonds, Act 86, laws 1901-----	. 003
21. Interest insane asylum bonds, Act 73, laws 1903-----	. 0023
Total -----	. 95

Mr. T. G. Norris then addressed the board relative to a decrease in the assessment of the United Verde and Pacific Railroad.

The board then took a recess until 2 o'clock p. m.

At 2 o'clock p. m. the board reconvened, all members present.

Mr. S. A. Pattee, assistant district attorney of Yavapai County; Mr. John J. Birdno, assessor of Graham County, and Attorney-General E. S. Clark addressed the board relative to the assessment of copper-mining properties in the Territory.

Mr. T. G. Norris and Col. M. J. Egan were present and made a few remarks.

The board then adjourned until 10 o'clock a. m. August 15, 1905.

WESLEY A. HILL, *Chairman*.

Attest:

FRED. A. TRITLE, *Secretary*.

OFFICE OF THE TERRITORIAL BOARD OF EQUALIZATION,

Phoenix, Ariz., August 15, 1905.

The board met at 10 a. m., pursuant to adjournment, all members present.

A communication from the Milwaukee Refrigerator Transit Company in relation to its assessment was read.

Attorney-General Clark addressed the board relative to the assessment of mining properties.

The minutes of August 14, 1905, were read and approved.

It was moved by Mr. Bowman, seconded by Mr. Donau, that the assessment of the United Verde and Pacific Railroad Company be decreased from \$4,029.304 per mile to \$3,529.304 per mile, and the following was the vote on roll call: Mr. Bowman, aye; Mr. Donau, aye; Mr. Parker, no; Mr. Solomon, no; Mr. Woods, no; Mr. Chairman, no.

And the motion was lost.

Mr. Donau moved that the chairman of the board be authorized to furnish the attorney this day with a certificate showing what counties had failed to furnish a certified copy of their assessment rolls, as required by the order of June 8, 1905. The motion was seconded by Mr. Bowman, and the vote was as follows: Mr. Bowman, aye; Mr. Donau, aye; Mr. Parker, no; Mr. Solomon, no; Mr. Woods, no; Mr. Chairman, no.

And the motion was lost.

The board then took a recess until 2 o'clock p. m.

The board reconvened at 2 o'clock p. m., discussed informally the assessments of patented mines, and adjourned until 10 o'clock a. m. August 16, 1905.

WESLEY A. HILL, *Chairman*.

Attest:

FRED. A. TRITLE, *Secretary*.

OFFICE OF THE TERRITORIAL BOARD OF EQUALIZATION,

Phoenix, Ariz., August 16, 1905.

The board met pursuant to adjournment at 10 o'clock a. m., all members present.

The minutes of August 15, 1905, were read and approved.

The board then took a recess until 2 o'clock p. m.

The board met at 2 o'clock p. m., all the members being present, and listened to statements made by John J. Birdno, assessor of Graham County; Frank Luke, assessor of Maricopa County, and Mr. Heron, deputy assessor of Gila County, relative to the scale of valuations made by them in assessing the different classes of property.

It was then moved by Mr. Woods, seconded by Mr. Parker, that the returns of the various counties as to patented mines be accepted as returned, except that in the following counties they be raised as follows:

Yavapai County, 100 per cent; Cochise County, 1,500 per cent; Graham County, 400 per cent; Mohave County, 400 per cent; Gila County, 400 per cent;

Pima County, 500 per cent; Santa Cruz County, 500 per cent; and Yuma County, 200 per cent, and that the improvements on patented mines in the several counties be raised 100 per cent.

Mr. Donau moved to amend that the board proceed to take up the various items in their regular order. The vote was taken on the amendment and resulted as follows: Mr. Bowman, aye; Mr. Donau, aye; Mr. Parker, no; Mr. Solomon, aye; Mr. Woods, no; Mr. Chairman, no.

And the amendment was lost.

The vote was then upon the original motion and resulted as follows: Mr. Bowman, no; Mr. Donau, no; Mr. Parker, aye; Mr. Solomon, no; Mr. Woods, aye; Mr. Chairman, aye.

And the motion was lost.

Mr. Donau then renewed his motion that the items be taken up in their regular order; it was seconded by Mr. Parker and unanimously carried.

It was then moved by Mr. Parker, seconded by Mr. Woods, duly put, and carried, that the returns from all the counties on cultivated lands and improvements be accepted as returned.

The board then adjourned until 9 o'clock, August 17, 1905.

WESLEY A. HILL, *Chairman*.

Attest:

FRED A. TRITTLE, *Secretary*.

OFFICE OF THE TERRITORIAL BOARD OF EQUALIZATION,
Phoenix, Ariz., August 17, 1905.

The board met pursuant to adjournment at 10 o'clock a. m. Mr. Alfred S. Donau having tendered his resignation, Mr. Thomas F. Willson was by the governor appointed the member from the first district. On roll call all members were present, and the minutes of August 16, 1905, were read and approved.

It was moved by Mr. Parker, seconded by Mr. Woods, duly put, and carried, that the regular order of business be dispensed with to listen to the attorneys of the foreign car lines.

Mr. Charles E. Wilson, of the Armour Car Lines and Continental Fruit Express Company, addressed the board and protested in whole and in part against the assessment.

Mr. Arthur C. Ide then addressed the board on behalf of the Swift Refrigerator Transit Company.

The board then took a recess until 1.30 o'clock p. m.

The board reconvened at 1.30 o'clock p. m.; and having examined the various assessments and the several abstracts of assessment rolls returned by the clerk of the board of supervisors of each county, and having investigated the records of the offices of the auditor and treasurer as to matters relating to the assessment and taxation of property, and having considered the statements of assessors and others from various counties, as well as other information, now find that the scale of valuation has been fixed by the various assessors and boards of equalization approximately as follows:

Counties.	Cultivated lands.	Improvements.	Uncultivated lands.	Improvements.	Railroad lands.	Land grants.	Improvements.	Town and city lots.	Improvements.	Horses, range.	Horses, work.	Horses, saddle.	Stallions.	Mules.
Apache	50	60	80	.....	75	.....	.....	60	65	85	75	80	.....	75
Cochise	50	50	.....	.....	.....	40	.....	60	60	60	60	75	50	60
Cocconino	75	75	75	.....	75	.....	.....	75	65	65	75	65	75	.....
Gila	50	50	75	.....	.....	.....	.....	70	80	100	80	80	.....	80
Graham	33	50	100	.....	.....	.....	.....	60	60	100	80	75	.....	100
Maricopa	50	50	50	.....	.....	.....	.....	60	60	100	50	50	.....	50
Mohave	60	60	80	.....	100	.....	.....	60	60	70	80	75	.....	.....
Navajo	80	60	80	.....	80	.....	.....	80	80	70	75	75	.....	.....
Pima	60	37½	.....	.....	.....	37½	.....	37½	37½	70	70	75	.....	.....
Pinal	60	60	.....	.....	.....	.....	.....	60	60	70	70	70	.....	.....
Santa Cruz	60	60	.....	.....	50	10	.....	60	60	70	70	70	.....	.....
Yavapai	50	50	75	.....	75	.....	.....	60	60	70	70	70	.....	.....
Yuma	25	25	25	.....	.....	25	.....	25	25	70	70	70	.....	.....

Counties.	Asses.	Cattle, range.	Cattle, beef.	Cattle, milch.	Cattle, bulls.	Sheep.	Goats.	Swine.	Railroads.	Merchandise.	All other property.	Patented mines.	Improvements on patented mines.	Improvement on unpatented mines.
Apache	75	75	50	50	50	60	60	60	50	60	50	(a)	10	5
Cochise	75	75	50	50	40	60	60	90	50	60	45	10	10	
Coconino	75	75	50	50	50	60	60	90	50	60	45	10	10	
Gila	85	75	80	80	50	60	100	25	50	80	45	10	10	
Graham	100	100	50	50	50	60	60	50	50	40	40	10	20	10
Maricopa	50	50	50	50	50	60	60	50	50	33½	33½	10	10	
Mohave	75	75	50	50	50	60	60	50	50	60	60	10	10	
Navajo	75	75	50	50	50	60	60	50	50	60	60	10	10	
Pima	70	75	50	50	50	60	60	50	50	33½	33½	10	10	
Pinal	75	75	50	50	50	60	60	50	50	60	60	10	10	
Santa Cruz	70	75	50	50	50	60	60	50	50	60	60	10	10	
Yavapai	70	75	50	50	50	60	60	50	50	33½	33½	8	30	
Yuma	70	75	50	50	50	60	60	50	50	25	25	10		

^a Less than 0.02.

And the board being satisfied that the scale of valuation has not been adjusted with reasonable uniformity by the different assessors and boards of equalization, and having ascertained that the valuation of property in each county does not bear a fair relation or proportion to the valuation in the other counties in the Territory, and that in order to produce a just relation between all the valuations of property in the Territory it is necessary that certain valuations be increased, it is hereby ordered that valuations in the counties hereinafter named be, and they are hereby, increased by the following percentages:

Counties.	Town and city lots.	Horses, range.	Horses, work.	Horses, saddle.	Mules.	Cattle, milch.	Patented mines.	Improvements, • unpatented mines.
Apache			38		40	25		
Cochise			19	31			1,500	1,000
Coconino					17			
Gila			59		40	42	400	
Graham							400	
Maricopa			60		29			
Mohave					1	22	400	
Navajo			1		100	24		
Pima	33½		66		40	6	500	
Pinal		60	66	12	52			
Santa Cruz			60		60		500	
Yavapai		17	50		50		100	
Yuma			60	25	40	25	500	

It was moved by Mr. Wilson, seconded by Mr. Solomon, duly put and carried, that the returns from all the counties be accepted as returned, except as to the items above mentioned.

It was then ordered that the following schedules showing a recapitulation of the work of the board be spread of record:

APACHE COUNTY.

	Number.	Valuation.	Per cent increased.
Cultivated land	2,948	\$25,899.00	
Improvements		6,715.00	
Uncultivated land	95,638	45,654.75	
Improvements		9,082.50	
Railroad land	788,522.37	157,704.46	
Town and city lots		12,477.00	
Improvements		40,440.75	

APACHE COUNTY—Continued.

	Number.	Valuation.	Per cent in- creased
Horses:			
Range.....	1,686	\$16,860.00	.....
Work.....	435	17,400.00	3
Saddle.....	453	9,060.00	.....
Stallions.....	2	125.00	.....
Mules.....	43	1,505.00	40
Asses.....	126	882.00	.....
Cattle, range and stock.....	6,016	72,192.00	.....
Milch cows.....	295	7,375.00	5
Sheep.....	73,631	147,262.00	.....
Goats.....	606	1,010.00	.....
Swine.....	33	91.00	.....
Miles railroad, standard gauge.....	54.48	^a 255,509.21	.....
All other property.....		147,813.54	.....
Total value of all property.....		975,058.21	.....

COCHISE COUNTY.

Cultivated land.....	acres.....	43,354	\$153,696.41	.....
Improvements.....			50,510.00	.....
Land grants.....	acres.....	56,931	263,979.30	.....
Improvements.....			2,000.00	.....
Patented mines.....		634	3,568,235.62	1,500
Patented mines, improvements.....			173,947.01	.....
Unpatented mines, improvements.....			9,900.00	1,000
Town and city lots.....			1,226,697.56	.....
Improvements.....			1,569,243.60	.....
Horses:				
Range.....		1,501	15,010.00	.....
Work.....		1,606	60,200.00	19
Saddle.....		1,337	26,740.00	31
Stallions.....		14	1,400.00	.....
Mules.....		145	5,363.00	.....
Asses.....		54	290.00	.....
Cattle:				
Range and stock.....		32,575	325,750.00	.....
Beef.....		191	3,145.00	.....
Milch cows.....		707	20,760.00	.....
Bulls.....		408	23,800.00	.....
Sheep.....		200	375.00	.....
Goats.....		4,176	8,365.00	.....
Swine.....		272	724.00	.....
Railroad, standard.....	miles.....	281.05	1,157,459.24	.....
Side track.....	do.....	24.47	61,175.00	.....
All other property.....			3,215,653.87	.....
Improvements, railroad.....			265,083.67	.....
Total value of all property.....			12,209,563.31	.....

COCONINO COUNTY.

Cultivated land.....	acres.....	40,620	\$144,280.00	.....
Improvements.....			25,025.00	.....
Railroad land.....	acres.....	118,650	569,531.16	.....
Land grants.....	do.....	285,084	70,870.50	.....
Improvements.....			1,700.00	.....
Patented mines.....			5,800.00	.....
Improvements.....			5,050.00	.....
Town and city lots.....			141,148.00	.....
Improvements.....			330,985.00	.....
Horses:				
Range.....		1,858	18,580.00	.....
Work.....		723	28,920.00	.....
Saddle.....		783	19,573.00	.....
Stallions.....		3	300.00	.....
Mules.....		16	560.00	17
Asses.....		250	1,290.00	.....
Cattle:				
Range and stock.....		33,032	341,881.20	.....
Milch cows.....		172	4,300.00	.....
Bulls.....		27	1,520.00	.....
Sheep.....		143,929	287,858.00	.....

^a Estimated.

COCONINO COUNTY—Continued.

	Number.	Valuation.	Percent in- creased.
Goats	750	\$1,500.00	.....
Swine	62	310.00	.....
Railroad, standard	miles.. 25	36,758.00	.....
Do	do 108.37	^a 632,176.00	.....
All other property		1,124,346.08	.....
Total value of all property		3,794,261.94	.....

GILA COUNTY.

Cultivated lands	acres.. 5,229	\$23,220.00	.....
Improvements		11,715.00	.....
Patented mines	67	1,228,500.00	400
Patented mines, improvements		895,620.00	.....
Unpatented mines, improvements		55,680.00	.....
Town and city lots		219,850.00	.....
Improvements		287,460.00	.....
Horses:			
Range	822	8,220.00	.....
Work	657	26,280.00	59
Saddle	1,365	27,305.00	.....
Stallions	9	405.00	.....
Mules	578	20,230.00	40
Asses	240	1,200.00	.....
Cattle:			
Range and stock	34,181	341,810.00	.....
Milch cows	972	2,430.00	.....
Bulls	7	175.00	.....
Sheep	120	240.00	.....
Goats	21,138	42,276.00	.....
Swine	342	1,032.00	.....
Railroad, standard	miles.. 32.24	88,660.00	.....
All other property		418,890.28	.....
Total value of all property		3,194,198.28	.....

GRAHAM COUNTY.

Cultivated land	acres.. 55,191	\$489,897.25	.....
Improvements		378,566.40	.....
Railroad land	acres.. 25	500.00	.....
Patented mines	234	2,697,663.30	400
Improvements		688,730.00	.....
Town and city lots		110,143.50	.....
Improvements		241,033.00	.....
Horses:			
Range	1,031	10,310.00	.....
Work	1,196	47,840.00	.....
Saddle	1,997	49,925.00	.....
Stallions	6	790.00	.....
Mules	169	6,760.00	.....
Asses	92	920.00	.....
Cattle:			
Range and stock	40,528	405,280.00	.....
Beef	27	270.00	.....
Milch cows	842	21,050.00	.....
Bulls	33	660.00	.....
Sheep	510	1,020.00	.....
Goats	12,471	24,942.00	.....
Swine	346	1,038.00	.....
Railroad, standard	miles.. 124.96	425,969.00	.....
Side track, standard	do 26	1,000.00	.....
Narrow gauge	do 26	67,050.00	.....
All other property		762,998.63	.....
Improvements, railroads		59,025.35	.....
Narrow gauge side track	miles.. 5	9,000.00	.....
Total value of all property		6,502,331.43	.....

^a Estimated.

MARICOPA COUNTY.

	Number.	Valuation.	Percent in- creased.
Cultivated land	293,388	\$3,569,977.00	
Improvements		482,725.00	
Patented mines	14	7,000.00	
Improvements		5,250.00	
Improvements, unpatented mines		11,500.00	
Town and city lots		2,397,790.00	
Improvements		1,874,185.00	
Horses:			
Range	1,807	18,070.00	
Work	3,560	142,400.00	60
Ostriches	1,103	55,150.00	
Horses, stallions	25	2,625.00	
Mules	267	9,345.00	29
Asses	10	820.00	
Cattle:			
Range and stock	17,843	178,430.00	
Calves	2,625	13,375.00	
Milch cows	5,696	142,400.00	
Bulls	318	8,135.00	
Sheep	4,615	9,230.00	
Goats	1,608	2,410.00	
Swine	8,817	8,533.00	
Railroad, standard	97.13	647,436.11	
All other property		1,279,649.19	
Less exemptions		\$228,015.00	
Total value of all property		10,638,420.30	

MOHAVE COUNTY.

Cultivated land	1,070.5	\$3,915.00	
Improvements		97,824.00	
Railroad land	42,445.03	8,489.00	
Patented mines	133	746,375.00	400
Town and city lots		36,792.00	
Horses:			
Range	674	13,480.00	
Work	326	16,300.00	
Saddle	508	16,780.00	
Stallion	1	50.00	
Mules	6	210.00	1
Asses	36	210.00	
Cattle, range and stock	9,324	93,240.00	
Milch cows	110	2,750.00	22
Sheep	8,125	16,250.00	
Goats	1,350	2,700.00	
Swine	42	210.00	
Railroad, standard	107.881	371,979.38	(a)
All other property		96,110.80	
Less widows' exemption		\$11,326.00	
Total value all property		1,835,826.15	

NAVAJO COUNTY.

Cultivated land	2,382	\$39,160.50	
Improvements		13,859.00	
Uncultivated land	9,934.54	17,955.58	
Railroad land	721,108.57	144,217.72	
Land grants	336,925.99	67,385.19	
Improvements		1,000.00	
Town and city lots		86,796.46	
Improvements		199,126.75	
Horses:			
Range	1,230	12,300.00	
Work	498	19,920.00	1
Saddle	502	10,680.00	
Stallions	6	550.00	
Mules	7	245.00	100
Asses	181	655.00	
Cattle:			
Range and stock	6,384	76,248.00	
Milch cows	418	10,240.00	24
Bulls	9	205.00	

(a) Estimated.

NAVAJO COUNTY—Continued.

	Number.	Valuation.	Per cent in- creased.
Sheep.....	74,185	\$148,370.00	.....
Goats.....	425	850.00	.....
Swine.....	206	808.00	.....
Railroad, standard.....miles..	57.155	a 283,200.00	.....
All other property.....		281,519.94	.....
Forest reserves.....acres..	44,638.96	11,596.90	.....
Total value all property.....		1,507,104.04	.....

PIMA COUNTY.

Land.....acres..		\$99,252.00	.....
Improvements.....		48,195.00	.....
Uncultivated.....acres..	75,524	298,233.00	.....
Land grants.....do....	17,208	12,906.00	.....
Improvements.....		1,500.00	.....
Patented mines.....	288	629,142.00	500
Improvements.....		6,150.00	.....
Town and city lots.....		1,066,897.33	33½
Improvements.....		1,351,026.00	.....
Horses:			
Range.....	398	4,025.00	.....
Work.....	728	29,120.00	66
Saddle.....	503	10,060.00	.....
Stallions.....	11	430.00	.....
Mules.....	79	2,765.00	40
Cattle:			
Range and stock.....	20,665	206,940.00	.....
Milch cows.....	260	6,500.00	.....
Sheep.....	2,250	4,500.00	.....
Brood mares.....	757	7,570.00	.....
Railroad, standard.....miles..	64.75	461,345.00	.....
All other property.....		773,928.00	.....
Pullman.....		5,008.00	.....
Total value all property.....		5,041,223.33	.....

PINAL COUNTY.

Cultivated land.....acres..	5,530,374	\$391,417.25	.....
Improvements.....		53,571.00	.....
Patented mines.....	72	69,600.00	.....
Improvements.....		42,225.00	.....
Improvements, unpatented.....		53,311.00	.....
Town and city lots.....		36,560.50	.....
Improvements.....		61,465.00	.....
Horses:			
Range.....	799	7,900.00	60
Work.....	552	21,080.00	66
Saddle.....	510	10,200.00	12
Stallions.....	7	450.00	.....
Mules.....	90	3,150.00	52
Asses.....	76	510.00	.....
Cattle, range and stock.....	13,445	161,893.00	.....
Sheep.....	2,500	5,000.00	.....
Goats.....	2,055	4,110.00	.....
Swine.....	398	1,133.00	.....
Railroad, standard.....miles..	88.28	478,517.62	.....
All other property.....		32,991.38	.....
Total value of all property.....		1,435,164.75	.....

SANTA CRUZ COUNTY.

Cultivated land.....acres..	13,617	\$35,572.00	.....
Improvements.....		57,600.00	.....
Land grants.....acres..	45,235	65,613.30	.....
Improvements.....		10,000.00	.....
Patented mines.....	50	381,150.00	500
Improvements.....		4,500.00	.....
Improvements, unpatented mines.....		29,500.00	.....
Town and city lots.....		207,621.00	.....
Improvements.....		273,340.00	.....

a Estimated.

SANTA CRUZ COUNTY—Continued.

	Number.	Valuation.	Per cent in- creased.
Horses:			
Range	1,429	\$14,295.00	-----
Work	396	15,840.00	60
Saddle	632	12,735.00	-----
Stallions	10	385.00	-----
Mules	82	2,870.00	60
Asses	166	599.00	-----
Cattle:			
Range and stock	23,036	230,360.00	-----
Milch cows	94	2,617.00	-----
Bulls	280	5,435.00	-----
Swine	84	289.00	-----
Railroad, standard	524	222,689.85	-----
All other property		300,565.02	-----
Total value of all property		1,873,576.17	-----

YAVAPAI COUNTY.

Cultivated land	acres..	138,056.46	\$199,414.04	-----
Improvements			119,975.00	-----
Railroad land	acres..	210,689.76	46,503.46	-----
Land grants	do.	99,445.20	49,722.51	-----
Improvements			3,000.00	-----
Patented mines	1,224	2,238,028.48		100
Patented mines, improvements			970,735.00	-----
Unpatented mines, improvements			176,760.00	-----
Town and city lots			528,256.50	-----
Improvements			908,605.00	-----
Horses:				
Range	1,838	18,380.00		17
Work	1,783	71,320.00		50
Saddle	1,152	29,415.00		-----
Stallions	8	475.00		-----
Mules	222	7,770.00		50
Asses	240	1,490.00		-----
Cattle:				
Range and stock	27,395	27,395.00		-----
Beef	60	700.00		-----
Milch cows	640	1,600.00		-----
Bulls	13	350.00		-----
Sheep	29,147	58,294.00		-----
Goats	17,670	35,340.00		-----
Swine	648	1,925.00		-----
Railroad, standard	60,568	264,941.25		-----
Railroad, narrow	27.3	110,000.00		-----
All other property		1,218,963.85		-----
Total value of all property		7,350,314.09		-----

YUMA COUNTY.

Cultivated land	acres..	58,285	\$244,527.00	-----
Improvements			7,090.00	-----
Patented mines	52		72,012.00	500
Improvements			14,870.00	-----
Improvements, unpatented mines			10,198.00	-----
Town and city lots			236,305.50	-----
Improvements			114,935.00	-----
Horses:				
Range	187	2,057.00		-----
Work	1,008	40,320.00		60
Saddle	20	500.00		25
Stallions	2	175.00		-----
Mules	116	4,060.00		40
Cattle:				
Range and stock	1,650	18,150.00		-----
Beef	5	70.00		-----
Milch cows	199	4,975.00		25
Bulls	8	46.00		-----
Swine	724	2,172.00		-----
Railroad, standard	82.5	587,816.00		-----
Pullman		6,381.30		-----
All other property		166,884.38		-----
Private car lines		29,736.35		-----
Total value of property		1,563,280.81		-----

SCHEDULE B.—*Total valuation by counties for the year 1905.*

	Valuation.
Apache.....	\$975,058.21
Cochise.....	12,209,563.31
Coconino.....	3,794,261.94
Gila.....	3,194,198.28
Graham.....	6,502,381.43
Maricopa.....	10,866,435.30
Mohave.....	1,847,152.18
Navajo.....	1,507,104.04
Pima.....	5,041,223.33
Pinal.....	1,435,164.75
Santa Cruz.....	1,873,576.17
Yavapai.....	7,350,314.09
Yuma.....	1,563,280.81
Total valuation.....	58,159,713.84
Less exemptions.....	239,341.00
Total subject to taxation.....	57,920,372.84

SCHEDULE C.—*Statement of the aggregate amount of taxation of each object in the Territory for the year 1905.*

9,194,849.46 acres cultivated land.....	\$5,420,263.45
Improvements.....	1,353,370.40
181,096.54 acres uncultivated land.....	361,843.33
Improvements.....	24,813.50
1,881,440.73 acres railroad land.....	926,945.80
Improvements.....	19,200.00
Patented mines.....	11,641,566.30
Patented mines; improvements.....	2,426,294.01
Unpatented mines, improvements.....	372,829.00
Town and city lots.....	6,307,334.48
Improvements.....	7,328,125.10
15,260 horses, range.....	159,577.00
13,367 horses, work.....	537,940.00
9,762 horses, saddle.....	223,973.00
104 stallions.....	8,160.00
1,820 mules.....	64,833.00
1,421 asses.....	8,866.00
266,064 cattle, range and stock.....	2,726,124.20
283 cattle, beef.....	4,185.00
10,409 milch cows.....	241,577.00
1,098 bulls.....	40,326.00
339,212 sheep.....	678,399.00
62,148 goats.....	123,603.00
6,974 swine.....	18,265.00
1,187.214 miles railroad, standard gauge.....	5,994,456.94
53.3 miles railroad, narrow gauge.....	177,050.00
1,103 ostriches.....	55,150.00
All other property.....	9,926,911.86
2,675 calves.....	13,375.00
Other railroad property.....	374,234.67
757 brood mares.....	7,570.00
50.47 side track.....	62,175.00
Total.....	58,159,713.84
Less exemptions.....	239,341.00
Total.....	57,920,372.84

SCHEDULE D.—Final valuation placed on railroad property for the year 1905.

Name.	Miles.	Rate.	Valuation.
So. Pac	392.5	7,125.045	\$2,796,580.35
E. P. and S. W.	86.3	6,750	582,525.00
M. and P. and S. R. V.	34.93	4,970	173,618.87
A. and N. M.	40	5,504.500	220,180.00
N. M. and A.	87.80	4,249.800	373,133.00
Morenci Southern	18	3,655.550	65,800.00
Central Arizona	11	2,000.	22,000.00
Saguna and Manistee	14	1,054.166	14,758.32
G. V. G. and N.	124.30	3,128.700	389,897.40
U. V. and P.	27.30	4,029.304	110,000.00
Arizona Copper Co.	8	2,500	20,000.00
<hr/>			
A. T. and S. F.	843.13		4,767,492.94
Pullman	386.734		1,873,246.25
<hr/>			
Total	1,230.864		6,746,152.23

Mr. Walter Bennett appeared before the board relative to the assessment of the Associated Oil Company.

Upon motion, duly put and carried, it was ordered that the assessment of the Armour car lines be reduced from 1,000 cars to 95 cars, and the valuation from \$500 per car to \$400; that the Continental Fruit Express Company be reduced from 75 cars to 7½ cars, and the valuation from \$500 per car to \$400 per car, and the Associated Oil Company be reduced from 80 cars to 15 cars, at a valuation of \$400 per car.

The board then adjourned until 10 o'clock a. m. August 18, 1905.

WESLEY A. HILL, *Chairman.*

Attest:

FRED A. TRITLE, *Secretary.*

OFFICE OF THE TERRITORIAL BOARD OF EQUALIZATION,
Phoenix, Ariz., August 18, 1905.

The board met pursuant to adjournment at 10 o'clock a. m., all members present. The minutes of August 17, 1905, were read and approved.

The board took under discussion the matter of new abstract for next year, and it was ordered that the abstract for 1906 be as follows:

Acres cultivated land, irrigated; improvements. Acres cultivated land, unirrigated; improvements. Acres uncultivated land, desert; improvements. Acres uncultivated land, forest; improvements. Acres railroad land, uncultivated; improvements. Acres land grants, cultivated; improvements. Acres land grants, uncultivated; improvements. Patented mining claims. Gold; improvements. Silver; improvements. Lead and silver; improvements. Copper; improvements. Coal; improvements. Unpatented mining claims. Gold; improvements. Silver; improvements. Lead and silver; improvements. Copper; improvements. Coal; improvements. Mill sites; improvements. Smelter sites; improvements. Smelters; Hotels. Telephonelines. Telegraph lines. Stores. Merchandise. Capital stock, banks, paid up.

WESLEY A. HILL, *Chairman.*

Attest:

FRED A. TRITLE, *Secretary.*

OFFICE OF THE TERRITORIAL BOARD OF EQUALIZATION,
Phoenix, Ariz., August 19, 1905.

The board met pursuant to adjournment at 10 o'clock a. m., all members present. The minutes of August 18, 1905, were read and approved.

On motion, it was

Ordered, That the following tax rate be levied in the various counties in the Territory for the purpose of meeting the interest due on their respective debts, funded

debts, funded under an act of Congress by the issuance of 3 per cent and 5 per cent Territorial bonds, viz:

County.	Amount of interest.	Per \$100 valuation.
Apache	\$2, 173. 68	\$0. 23
Coconino	7, 950. 06	. 27
Gila	2, 239. 08	. 17
Graham	7, 368. 24	. 16
Maricopa	14, 081. 62	. 15
Mohave	5, 268. 16	. 44
Navajo	1, 900. 00	. 17
Pima	30, 060. 26	. 60
Pinal	6, 806. 90	. 46
Santa Cruz	1, 580. 00	. 11
Yavapai	16, 937. 00	. 32
Yuma	4, 439. 56	. 41
Prescott city	4, 563. 10	. 01
Tombstone city	690. 62	. 005
Tucson city	1, 371. 20	. 003

On motion, the board then adjourned until Monday, August 21, 1905, at 2 o'clock p. m.

WESLEY A. HILL, *Chairman.*

Attest:

FRED A. TRITLE, *Secretary.*

OFFICE OF THE TERRITORIAL BOARD OF EQUALIZATION,
Phoenix, Ariz., August 21, 1905.

The board met this day pursuant to adjournment at 2 o'clock p. m., all members present.

The minutes of August 19, 1905, were read and approved.

On motion of Mr. Parker, seconded by Mr. Wilson, the following resolution was adopted by unanimous vote, viz:

Whereas it appears to this board that a large amount of property, real and personal, subject to taxation, has been omitted from the assessment rolls of the various counties by the assessors and boards of equalization for the current year, which omissions tend to greatly increase the burden of taxation of those whose property has been fairly returned: Therefore, be it

Resolved, That the chairman of this board be, and he is hereby, instructed to notify the tax collectors of the various counties of such omissions, and to direct them, upon discovering such omitted property, or whenever it may be shown them that certain property has been omitted, to immediately place the same on the assessment roll, and to assess the same and levy and collect taxes thereon, as provided in paragraph 3896, Revised Statutes of Arizona, 1901.

It was then moved by Mr. Solomon, seconded by Mr. Woods, duly put and carried, that the chairman pay the following bills:

Arizona Gazette, cards	\$5. 00
B. J. O'Reilly, certified copy	10. 00
Postal Telegraph Company, telegrams	3. 94
Western Union, telegrams	11. 85
H. H. McNeil Company, supplies	24. 50
Wesley A. Hill, chairman, postage	20. 00
Wesley A. Hill, chairman, express	4. 80
Miss Bohanan, typewriting	10. 00

The minutes of this day's meeting were then read, and, upon motion, approved as read.

There being no further business to come before the board at this meeting, upon motion of Mr. Woods, seconded by Mr. Wilson, duly put and carried, the board stood adjourned.

WESLEY A. HILL, *Chairman.*

Attest:

FRED A. TRITLE, *Secretary.*

COMMITTEE ON TERRITORIES,
HOUSE OF REPRESENTATIVES.
Saturday, January 20, 1906.

Committee called to order at 10.40 a. m.

The CHAIRMAN (Mr. Hamilton). If there be no objection, Mr. Rodey will proceed.

STATEMENT OF HON. BERNARD S. RODEY.

Mr. RODEY. Mr. Chairman and gentlemen of the committee. I have been ill since I started from home, have been ill since I came here, and am ill this morning, and so I know that I can not do as full justice to the subject as I otherwise might. However, I am middling familiar with all of the details, and have taken a few notes while the gentlemen from out in that country, who have preceded me, have been speaking. I may be able to explain some things to the satisfaction of the committee. Of course, the gentlemen of the committee who have been examining this question for a number of years, most of them even for five or more years, and quite extensively, can not be further informed very much. But some of the other gentlemen who have just come on the committee will, of course, receive information from what was said by the gentlemen from Arizona and others, and may even learn some things from what I shall say.

I want to say at the start that I appreciate the kindness of the members of this committee. I appreciate their treatment of me in the years that I was before them representing New Mexico, and I appreciate the congratulations that have been given me since I came here this time.

I had supposed that this committee had heard so much about the Territorial question that the matter was practically settled; that the lines had been drawn, and, according to the President's recommendation, a bill would be drawn, and that the committee would act without much more hearings. I was therefore rather astonished to learn that these gentlemen had come on from Arizona, because it may result badly to the question of Statehood—results that might not otherwise have been brought about.

Whatever I shall say shall be said in the most kindly way. I have no desire to say anything to even up with anybody. There are some parties who have made reference to Arizona and New Mexico in regard to the question of taxation, and the attitude of the government out there in regard to it, and I think that what I shall say to you upon that point will astonish you in explanation of some of the conditions that exist out there.

I might open my remarks by saying that if you will eliminate from the question of jointure of New Mexico and Arizona in statehood the question (which is a partisan one, perhaps, to some extent) of representation of the West or Southwest as against the Northeast and the East—eliminate that and there has not been and there is not and there can not be an argument made against jointure that is not based upon either a mistake of facts, prejudice, or sentiment. I hope to show that to the committee before I get through.

Now, upon the question of representation, I desire to point out that it interests only those States that are already in the Union and not

necessarily the Territories. I was talking to a high official from the State of Idaho a year or so ago, who is violently opposed to the jointure of New Mexico and Arizona, and he said: "I don't care one red cent for your claimed inherent, constitutional, platform promise, American citizenship, or other so-called rights in those Territories, but I do care for my State of Idaho. I want western representation; that is what I am fighting for, and your Territories can stay out until the infernal regions freeze over before I will vote for that sort of statehood." I replied to him: "But we are out of the Union and you are in, and because you are in now you think it does not make any difference about us." So, I repeat, eliminate that one thing and representation and there is no reason on earth why New Mexico and Arizona won't make a great and splendid State.

The gentlemen from Arizona who have been here for the last two or three days talking to this committee are wholly mistaken about the facts as to New Mexico.

Now, in the first place, they have perhaps induced a great many people to apply and they themselves have applied to the native population of New Mexico an opprobrious name, calling them "greasers," which is hotly resented by us in New Mexico. Some of the natives down there are in the habit, as a sort of a counteraction and under great provocation, of calling Americans "gringos." The way that name is supposed to have started is almost comical and it is worth relating. It is said that some countrymen of mine, when the Mexican war was going on, in 1845, had a custom of singing a song that is not unknown to my own recollection, and to some others of us who came from the other side. The name of the song or refrain is "Green grow the rushes, oh." These Irish soldiers stopped some time in the city of Mexico, and the natives there heard this song so often by American soldiers that at last they called them "gringos," which was as near as they could pronounce green grows, and so they have known them by the name of "gringos" until this day. They now retaliate when called "greasers" by calling Americans "gringos."

Mr. MOON. What is meant by "greasers?"

Mr. RODEX. The Lord only knows; I don't. It is just simply an offensive epithet hurled at the respectable native American citizens of New Mexico and at all citizens of the Republic of Mexico in recent times by people who do not know any better. Of course there is down in New Mexico a few people that are half or three-quarters Indian, most of whom drift up there from old Mexico, and also up into Texas and Arizona, because they find the residents speaking the same language, and this name is at times applied to them; but our people do not like that name a little bit.

Mr. LLOYD. Take the State of Missouri as an illustration. I don't know whether you are familiar with the name that has been applied to the people of that State or not, but the name of a Missourian is a "puke."

Mr. RODEX. Well, I never heard of it, and I know that I never called anybody from Missouri by such a name. The people of New Mexico, the natives, came there along in 1540 to 1700. They are not the general class of people that you find in old Mexico at all. We have a few of that kind, of course, as where the Spanish soldiers in early days mixed with the Indians. The few we have are almost entirely devoted to sheep herding. We probably have all told

twenty or thirty thousand of that sort of people. They are a good, honest, easy-going, bucolic people, that are vastly superior to some of the elements that come in through Castle Garden and scatter over this country, and who are now and have been for lo these many years helping to govern us in the Territories.

You must recollect, gentlemen, that New Mexico has been a part of this domain for fifty-eight years, and that the bill for its admission to the Union has passed one House or the other of Congress seventeen times, and has passed both Houses of Congress twice, but failed in conference. It passed both Houses of Congress when Senator Elkins was our Delegate, in 1874, and the other time it passed both Houses of Congress when I had the honor of representing New Mexico, in the last Congress.

Mr. WEBB. How many times has the Arizona bill passed?

Mr. RODEY. I do not know, exactly, but I think ten or twelve times. I don't think its bill ever passed the Senate—only the House. Our people are of the highest blood—fine people. Some of them are lawyers, doctors, professional men of all kinds, ranchmen, farmers, lumbermen, everything you can think of, clerks of courts, probate judges, and so on. Hon. E. V. Chavez, of my own town, recently wrote a letter about the "Mexicans," so called, of which you have all received a copy. He said: "Why don't you refer to the Irish, or the Italians, or any other nationality here in the same sense as you do to citizens of Spanish blood? These people are American citizens. They lived on the soil they now occupy years before lots of their detractors left France, Germany, Scotland, Ireland, Bohemia, or whatever other country they may have come from."

I want to say here what I have said, I suppose, numberless times before, that the census of New Mexico and Arizona of 1900, excepting in the calculations that it makes upon the people that it did enumerate, is a positive libel upon the people of New Mexico and Arizona. The fact is that a census can not be taken in those vast areas in the time nor for the money that is granted by Congress for the work, and the result of the Bureau's action is that it is not taken at all.

Mr. MOON. Why was it any more of a libel on New Mexico than on Arizona?

Mr. RODEY. No, indeed: it was equally bad as to both. As a consequence it took or enumerated only about two-thirds of the people in each Territory, reckoned in the whole Indian population in each, and gave Arizona the preposterous percentage of 29 per cent of illiteracy, when it has no illiteracy at all among its American people. That Territory has the most educated people in this nation per capita of its population from the States. Then to New Mexico it gives 33 per cent of illiteracy. I have lived twenty-five years in New Mexico on the 19th day of next March, having gone there almost as a boy. I know the Territory from end to end pretty well, and can truthfully say that there is not to exceed 10 to 12 per cent of illiteracy among our people; yet we must stand before the United States in such an attitude as to call forth those slanderous statements, for to say that those two Territories have respectively 29 and 33½ per cent of illiteracy is about as big a slander as can well be made against an intelligent community. I say there is not over 12 per cent of illiteracy in New Mexico, including the "Mexicans," so-called, no mat-

ter what any other man may say to the contrary. I know what I am talking about.

Further, knowing the people there as I do, if the population was entirely of Spanish blood I would still insist on the Territory's right to statehood, and its right to jointure as well, just the same as if our people had all come from the States. But the population to-day is about three people from the States, and their descendants, to two people of Spanish descent; in other words, there are about two-fifths that are natives and three-fifths that are people from the States or European countries and their descendants. Many of the people of New Mexico, even, do not know that, because there is nothing given in the census to show it. We who do know it get it from the names on the registration lists, the school census, the registered voters, the actual knowledge of the situation gained from traveling through the Territory in the campaigns, and other sources of information. There are hundreds of men who know this, and lots of newspapers proclaim it. The governor in his last report, I see, says that the Americans are considerably in the majority. I would like to have the last report of Governor Otero, of New Mexico, on that subject read. Mr. Hance, will you kindly read page 9 of the governor's report to the committee, the report for 1905?

The clerk of the committee read as follows:

New Mexico to-day has 300,000 people within its boundaries; less than one-half of these are of Spanish, Mexican, and Indian descent, most of these people using the Spanish language in preference to English, although a steadily growing per cent is as well able to converse in English as in Spanish. A few more decades will witness the complete amalgamation of the native people, both as to language and as to customs, with the newcomers of Anglo-Saxon origin.

Mr. RODEY. In 1900, when the census was taken and when we found out from that census that they gave us only 195,000 people, I then claimed a much larger population. That same year our governor, in his annual report to the Secretary of the Interior, claimed that the population of New Mexico was 314,000. Within a year or two after that, when this statehood question came up, I don't know what reason he had, but he changed it and made it 240,000, and afterwards raised it to 280,000. This year he has raised it to 300,000, I see. I claim for New Mexico now not less than 350,000 people, and I base that claim upon the fact that we registered at the last election about 65,000 voters. We didn't cast but about 42,000 of them, but the committee will appreciate that in a place where it is necessary to travel such long distances to register or vote, as is the case with us, we can never register more than a good three-quarters of our voting population.

And I want to draw your attention to another question also, and you will appreciate my view of it when you consider that for fifty-eight years these people have known no other government than the Territorial form. They have never known of the American form of government in the sense in which you understand it in the States. They have never had such a government. The patriotism that inspires you as to general local elections does not have at all times the same force at all out there. They vote and take an interest in the election of their local officers, of course, and are intensely patriotic in the national sense, but a citizen of a Territory is a political steer. He never votes for the President, Vice-President, a Senator, a member of

Congress, or any other great official of national character. We vote for our local officers, such as the sheriff, probate judges, justices of the peace, and a Delegate to Congress, or a lobbyist, as he is sometimes well called. And for these reasons many people in the Territories do not realize the position they are in.

The CHAIRMAN. Perhaps it would be pertinent at this juncture to suggest something that the Chair has ascertained from a newspaper article with reference to the foreign-born people in some of our eastern cities, and to ask you whether your knowledge coincides with this newspaper article. It states that Chicago has 34.6 foreign born; Boston, 35.1; the boroughs of Manhattan and the Bronx, 41.5 foreign born; Salem, 30.3; Gloucester, 36.6 foreign born; Manchester, 42 per cent foreign born; Lowell, 43 per cent foreign born; Lawrence, 45 per cent; Woonsocket, 44 per cent; Fall River, 47 per cent foreign born.

Mr. RODEY. Well, I am glad you called my attention to that. I want to say this, as I think I have said once before, that at the close of the Fifty-seventh Congress I took my wife and children and went down where we have some relatives at Rockaway Beach, on the south shore of Long Island. I was there ten or twelve days, and went around up and down the coast, to Coney Island and other places there, visiting the performances. I suppose I saw a million and a half of people in that ten or twelve days I was there, and most of them talked in such a way that I could not understand them. They spoke every language that was ever even dreamed of at the Tower of Babel, excepting English; and yet those people live in the States, are citizens in five years, and are governing citizens, governing people like us in Arizona and New Mexico, and they have done so for half a century.

Mr. MOON. What percentage of the whole population of the State would that make of foreign born, say, in Massachusetts?

Mr. RODEY. The chairman gave the names of the towns——

Mr. MOON. Yes; but the percentage would not be of the whole population of a State.

Mr. RODEY. I looked that matter up once and I found that one of the Northwestern States actually did have a majority of foreigners in it, when you would include the children born here of foreign parents; but there is no State in the Union where there is an actual majority of foreign-born citizens.

The CHAIRMAN. There is a very large percentage of the foreign element in the New England States at present——

Mr. RODEY. We utterly repudiate in New Mexico the characterization that we are foreign in the sense in which it is generally intended, and anyway we can not see why we should be called foreigners any more than the French in Louisiana, or the Dutch in Pennsylvania, or the Norwegians in Minnesota. Congressman Broussard says that he makes speeches in his district in French. There are places in Pennsylvania where you must speak Dutch or you do not have much show, and there are places in the northwestern part of our country where if you could not speak Norwegian you would have to "yump your yob" before you could be elected.

Mr. COLE. Is there any intermarrying there with the natives?

Mr. RODEY. This man Mr. Chavez I spoke of is married to an estimable lady from the States. Governor Otero himself is a half-

breed, his good mother was a Miss Blackwood of St. Louis, Mo.; but there is no distinction like that made out there. There are hundreds of intermarriages between people from the States and the natives, and nobody refers to it in any disparaging sense. Nearly one-half the natives speak English more or less well. These so-called "native" American citizens of New Mexico are a church-going, God-fearing people. There is no trouble about them in our Territory. All this stuff before this committee is gotten up to divert the attention of the people from the real issue. The only issue that can be raised with any show of legitimacy here is the one of representation, nationally, in the Senate, and that does not concern New Mexico very much until she gets into the Union.

Mr. MOON. Don't you think your people in New Mexico are entitled to statehood separate from Arizona, and have you not expressed a preference that way?

Mr. RODEY. Indeed, I do; and you have often heard me so express myself. Three years ago there were probably not 100 people in New Mexico that were not in favor of separate statehood, including myself. I was shocked by the idea of jointure. The incident that occurred between myself and Brother Wilson, of Arizona, here last January a year ago was dramatic. It was the occasion of my acquiescence in joint statehood for New Mexico. But we have found that separate statehood in modern times is impossible. The people of New Mexico have for the last three years, thousands and thousands of them, examined the merits of this jointure question, and having become satisfied that joint statehood is right, they are intense believers in jointure, and they would not now vote for separate statehood. Hundreds, perhaps thousands of them, have told me so.

Mr. MOON. Do you really desire to force Arizona into the Union with New Mexico?

Mr. RODEY. Personally, no. Arizona need not lay the unction to its sacred little conceit that we are dying with love for it, or that we are pining with a deep and longing yearning to enfold it in our statehood arms from choice. We wish them no evil, but we can not get in without them, and when we average up all of the conditions, we see that it will be a blessing. I want to say that if Arizona was wiped off the map to-morrow we would go in in a week, but we can not go in without them. We have found that out.

Mr. MOON. You want statehood so bad that you would be willing to see Arizona wiped off the map in order to get it. Is that it?

Mr. RODEY. We do not consider it any injury to her, but a blessing. She is not wiped out; we are wiped out. If any gentleman thinks that we have lived in New Mexico for so many years, under her name, and do not regret losing that name, they do not understand the people of that Territory. They do regret it, but they accept it.

Mr. MOON. You concede that you were an intense partisan for separate statehood, do you not?

Mr. RODEY. The facts were that I never thought of anything else, practically up to within a year of the time this committee shoved jointure at me as an ultimatum.

Mr. MOON. Do you not believe that New Mexico to-day has all of the resources, the area, and the population that entitles her to separate statehood?

Mr. RODEY. I absolutely admit it, and there is no chance for argument on that. But I know that nine-tenths of the eastern press of this country and that public opinion of the same section is against us. When you look at it seriously from the eastern point of view, there is equity in their view. There are 85,000,000 people east of the west line of Kansas, and they have some rights as well as the people in New Mexico, as they argue.

Mr. LLOYD. Why, there are no more than 85,000,000 people in the United States, and you say there are that many east of Kansas.

Mr. RODEY. There are about 90,000,000 people in this country now, I think, and I do not think there are more than 5,000,000 west of the west line of Kansas. I really do not believe there are. However, it can be figured up. However that may be, it does not detract from the statehood question.

Mr. MOON. Let me understand you. Your opinion is and always has been, that the resources, the area, and the population of New Mexico entitle her to separate statehood, and you personally want separate statehood?

Mr. RODEY. I would just as soon have the other.

Mr. MOON. It is not because it is an act of justice that you want the jointure, but a matter of expediency really.

Mr. RODEY. It is largely that; but also justice.

Mr. MOON. Then you are willing to suppress the rights of Arizona and trample upon their belief in this matter in order to give New Mexico statehood?

Mr. RODEY. The one question in the whole thing is whether you will have two Senators or four; the one question is whether a half million of people shall be promoted to the same place and standing in the United States Senate with the same power as the 8,000,000 of people in New York and the 7,000,000 in Pennsylvania.

Mr. MOON. Why do you take New York rather than any other State for comparison? Rather than Idaho or Rhode Island or Delaware?

Mr. RODEY. The day has passed in this country, I will say to my friend—and he will admit it, I think—when a State will ever again get into the Union with less than a million and a half or two million people, after this bill is passed.

Mr. MOON. I do not know about that; and you do not know about it, either.

Mr. RODEY. I will submit my argument on that question. You know the agitation has gone on; you know what the press of the country has said, and you know that the people have made up their minds. You know that Idaho, Nevada, Utah, Montana, or Wyoming could not be admitted now. They could not get into the Union. Why, take Oklahoma and Indian Territory. Those people fought for separate statehood just as hard as New Mexico or Arizona have fought for it, and I think I know a little more about that question, perhaps, than even the older members of this committee, because I have examined it so closely, it being my strenuous fight for years. Those people out there fought just as desperately for separate statehood, and just as intensely, as the people of New Mexico and Arizona did, and they are making no complaint now. They are coming into the Union as one great State. Oklahoma the great will rank with Kansas when it comes into the Union under this bill. There is

nobody making any great kick in connection with this matter but little Arizona, with her 175,000 people. She wants to keep nearly two and a half million people out of the Union indefinitely.

Mr. MOON. Do you not make a mistake in regard to that? Arizona is not asking for anything.

Mr. RODEY. But that is the effect of her action.

The CHAIRMAN. By the way, I want to make this inquiry: Was there not an understanding that the speaker would be permitted to proceed to the end without interruption?

Mr. MOON. I think you were one of the first to make an inquiry here; I think one of the first inquiries that was made was by the chairman. Yesterday I notified Brother Rodey that we would want to ask him some questions.

Mr. RODEY. I will go ahead and show you gentlemen, as I did show an opera house full of people in Tucson, Ariz., on the 16th of December last, the blessings this joint statehood bill confers on New Mexico and Arizona—

Mr. BEALL. I would like to ask you, Mr. Rodey, how many people do you estimate there are of Spaniards or of Spanish descent in New Mexico?

Mr. RODEY. One hundred and forty thousand. I will show you how that is verified. The Spanish people in New Mexico, as you are aware, gentlemen, have no immigration coming to them. They never increase from any source save that of births. Twenty-odd years ago, before the railroad had gotten into that Territory, the mortality among the infants of the native race was very considerable, so that they did not increase regularly. In 1880, after the railroad had been there two years, there were, according to the census, 119,000 people in New Mexico. That was the whole population. I don't know whether the census was taken rightly or wrongly. I would say that about 20,000 of these would be probably "Americans," meaning people not born in New Mexico, leaving about 100,000 native people. That was in 1880. The United States in that same year had 50,000,000 of people. In 1900, the last Census of the United States gave the whole population of the United States as 76,000,000 people, in round numbers, an increase with immigration, which was large, of about 50 per cent. Therefore, you add 50 per cent to 100,000 native American citizens of Spanish blood in New Mexico and you would have 150,000, and that is an overestimate of the number of people of Spanish blood in New Mexico in 1900, because there was no immigration and the increase was not 50 per cent in twenty years. These people are American citizens, as good citizens as any in this room, and it is somewhat annoying to have to keep answering these insinuations that they are not as good as anyone else.

The CHAIRMAN. What is the whole population?

Mr. RODEY. Three hundred and fifty thousand.

The CHAIRMAN. What proportion are Spanish-speaking people?

Mr. RODEY. A good large two-fifths. But, gentlemen, Arizona's alleged fear of these so-called "Mexicans" has no basis in fact, as we have in New Mexico from 35,000 to 50,000 more people from the States and their descendants than Arizona has population all told.

The CHAIRMAN. Do you claim that they have more people from the various States in New Mexico than they have in Arizona?

Mr. RODEY. Absolutely; by 35,000 or perhaps 50,000.

Mr. LLOYD. You also claim that you have more Mexican population than they have?

Mr. RODEY. No; because I think that Arizona has underestimated its own population. I think they have 200,000 people. Well, I wouldn't say quite that, but certainly they have 175,000.

Mr. LLOYD. You have been rather enthusiastic in claiming population for Arizona and New Mexico, haven't you?

Mr. RODEY. Every claim that I have made in the last ten years with reference to either of those Territories has been verified. I made the claim in 1900 that within the next five years we would build 1,000 miles of railroad in New Mexico, and we did build and equip 1,423 miles in that period. I am taking my figures as to population from the registration lists, the school census, and other sources of information; and the Census Bureau admits that the national census was worthless as to New Mexico. At least its former chief did to me.

Mr. REID. Do you know the figures of the Census Bureau?

Mr. RODEY. One hundred and ninety-five thousand three hundred and ten for New Mexico and one hundred and twenty-two thousand and some hundreds for Arizona.

Mr. LLOYD. The census as to the principal towns is correct, is it not—Las Vegas, Albuquerque, Phoenix, and so on?

Mr. RODEY. No. It is a remarkable fact, unknown to many people, that a good part of the population of Arizona goes to the coast in June, when a census is taken, and so it is nearly as bad as to the towns as it is as to the remote places.

Mr. LLOYD. Do you know what the last school census showed?

Mr. RODEY. About 75,000 in New Mexico and something less than 30,000 in Arizona.

Mr. COLE. How many population to each voter?

Mr. RODEY. Five in New Mexico. The census gives it more than five. Then if we have 75,000 voters, as I have shown, it would make 375,000 people as the number of our inhabitants, and I am claiming only 350,000.

Mr. LLOYD. Isn't it true that there are a great many people in your mountains that are unmarried and without families?

Mr. RODEY. That is a small fraction.

Mr. LLOYD. On the question of population you don't claim, do you, that the citizenship of Arizona and the citizenship of New Mexico is the same?

Mr. RODEY. I do absolutely claim it, save that these two-fifths of our population is of Spanish blood.

Mr. LLOYD. I do not want you to understand from any question that I ask that I have any reflection to make upon your people. They are all right, they are good citizens, and they are entitled to statehood. There is no question about that proposition in my mind. And they are entitled to statehood as a State of their own, without changing the name to Arizona, without reference to Arizona. But is it not true that the citizenship of New Mexico is imbued with the Mexican or Spanish idea of citizenship?

Mr. RODEY. Twenty years ago that was true to some considerable extent, but it has since faded out. Everything is progressive now, except in remote regions.

Mr. LLOYD. I understood you to say a while ago in your statement

that your people knew nothing about what we term generally in the States "patriotic devotion to country?"

Mr. RODEY. Oh, no.

Mr. LLOYD. You did not say that they were not patriotic, but you referred to their patriotic devotion to our country; that they had lived among themselves and of themselves and did not mix up with the people of the United States as did the people in the States.

Mr. RODEY. On the contrary, what I did say, or what I meant to say, was that people living a long time in a Territory have reason for losing that intense patriotism, except upon national questions. We are not encouraged by those sentiments in national elections to the extent that people in the States are, because we don't have the elections; we only have local elections. Congress could pass a tariff against our goods going into the States; it could sell us to Mexico—the Constitution of the United States even does not extend of its own force to us. I made that proposition a few years ago, and I was laughed at, yet I was sustained. We are a piece of property belonging to this nation and with which it can do as it pleases.

The CHAIRMAN. There is a distinction between an organized Territory and a Territory belonging to the Union, such as Porto Rico.

Mr. RODEY. When we talk of our rights, we talk of them as we see them. You can not make any comparison between a Territory and a State. You have your Delawares and your Vermonts, States that have been in the Union so long that they can say: "This is our Government; we made it; it is not yours; you have no rights in it. This is ours; it is a close corporation. We can let this one in or we can keep this one out." I think that is true. We have been trying for fifty-eight years to come in and enjoy the blessings we will get by this jointure. Aside from the question of representation or the wants of a lot of ambitious politicians. I want to say to my Arizona friends here present that jointure for the people at large, for both of our Territories, will be one of the greatest blessings. With the magnificent donation of land that this bill will grant to the two Territories, the four sections from each township, and the other specific donations given to different institutions, for public buildings and common schools, we will have 20,000,000 to 24,000,000 acres of public land in the State of Arizona, or "Arizona the Great," as we will call it. And the sales and rentals from it will bring a million dollars a year to the schools. Then, with the magnificent donation of \$5,000,000, which, invested at 4 per cent per annum, will bring \$200,000 per annum to the common schools of the new great State, and with a quarter of the licenses and fines accruing in the towns and courts of that vast area turned into the school fund, the annual income of the schools will be a million and a half dollars. I make the assertion and prediction, and I defy contradiction of the logic, that we will never in the new State, after we get started well, have any taxation for common school purposes. The common schools will be sustained absolutely from their own revenues, and if that is true, we are forever free from any tax in that regard.

Mr. WEBB. Would not that be so if you had single statehood?

Mr. RODEY. No, indeed; at least not to such a certainty, because of the reduced taxable property and the proportionate increase of cost of government. The principal of these \$5,000,000 must remain for-

ever inviolate. We have 105,000 children in the two Territories at present, and we expect to have a lot more; but this million and a half dollars will give us nine months of school in every precinct in every county of the vast area of the new State, with no taxes whatsoever.

Mr. MOON. I don't want to interrupt you, but I want to see if I understand you. You say that there would be such and such a result if you got this large sum of money divided between the two Territories. If separate statehood is maintained the population would be divided, and would not these donations that you say you are going to get be made separately?

Mr. RODEY. Of course, if you get the same donations for the separate States that would be so; but you will have two sets of officers to support, two governments instead of one, and you can run a single government over the two Territories for a third more than what it costs one separately.

Mr. MOON. Do you think that would be true over such an area as that?

Mr. RODEY. Yes, sir; I think it would.

Mr. REID. Let me ask you if there has been any change in your views or change in your arguments upon these different points that you are mentioning since you were an ardent advocate of single statehood?

Mr. RODEY. I can repeat here again the arguments I made. When I made the arguments I made all I could out of the facts that were against me. For instance, I pictured to you the continental divide between those two Territories.

Mr. REID. I remember that.

Mr. RODEY. I pictured the distances, the difference in elevation in these great mountains, and all that sort of thing. Since that time I have looked at them and begun to compare those things one with the other, and I will tell you something about the result I arrived at.

Mr. REID. Have you seen a light from another direction on that? Have you been told that you can not have single statehood? Is not that the reason?

Mr. RODEY. No; there are other reasons; but I should say we have been told we can not have separate statehood. Don't you remember my strenuous experience of last February?

Mr. REID. I believe you stated that if it were left to you you would have single statehood.

Mr. RODEY. I would have had it long ago if I could have obtained it. We in New Mexico are over the shock of the proposition. Arizonans are still suffering from the shock. Take Reverend Shields here, who testified yesterday. I undertake to say that he gave it no thought six months ago; he is shocked at it now. The people out there in Arizona haven't got over the shock, that is all. They will come around and think it a pretty good thing after a while.

Mr. WEBB. They never will get over it. [Laughter.]

The CHAIRMAN. Proceed, Brother Rodey, and answer your former arguments. [Great laughter.]

Mr. RODEY. This committee and this Congress, by the ultimatum presented, has answered any argument I ever made for separate statehood. But let us proceed, then, with the franchise taxes upon all the corporations of the new great State—so moderate that they will pay it willingly and without any question. The State can probably be

sustained, or certainly will be sustained, by the addition of the balance of the licenses and fines over what may be necessary to sustain the courts. You see we have more wealth per capita in both Territories combined than they have in Pennsylvania and New York. I venture to say that this is not so astonishing as the statement may seem to you. I understand that in Pennsylvania and New York they have no State taxes at all, because the franchise taxes sustain the State. Friends of mine have figured out that that will be true in the new State of Arizona. Therefore, there will be no State tax and no school tax. Hence we will be the greatest blessed Commonwealth in the nation, and can limit our tax rate in our constitution to one-half of 1 per cent. Now let me answer the former arguments—

Mr. REID. Of your own?

Mr. RODEY. Of my own, if you will. We have a set of laws—that is, a code of practice—taken from California, Texas, Illinois, New York, the same as Arizona has. Our regular statutes are a body of good laws that have been compiled and amended through the years until they are fairly good. Arizona has a complete code of law, borrowed from those States. Looking over the laws of both Territories, there are some little differences applicable to local conditions and so on, but that does not amount to very much. We used it as an argument for separate statehood, of course, and we could now use it. But as a matter of fact the constitutional convention can leave the laws of each Territory in force in the respective Territories until our legislatures can change them. We can have our own or we can have the legislature adopt the entire code of laws of Arizona. In fact, I think the enabling act has such a provision in it, as to leaving the laws of each Territory temporarily in force.

Mr. LLOYD. Do I understand you to say that your theory is that you can maintain the present laws of New Mexico in the territory that now belongs to New Mexico and can retain the laws of Arizona in the new State of Arizona?

Mr. RODEY. Absolutely, so far as it may be necessary to do so. The ordinance that will submit the constitution to the people will probably provide that until the legislature meets and changes the laws that shall be done—and I believe, as I just stated, that the enabling act itself provides that—the laws in each jurisdiction will remain in force until the legislature of the State changes them. There is no difficulty about that.

Now, about the Continental Divide, dividing the Territories, of which so much has been said. If the gentlemen will watch my pencil as I trace over this map I will show that the Continental Divide begins about there [indicating] in New Mexico and tends in this direction to the southeast corner of Arizona. I will draw a line down here, so as to show just where the Continental Divide is. It never touches the boundary line between the two Territories and is wholly within New Mexico, often a great distance east of the boundary. The Rio Grande runs here where I draw my pencil [indicating]; then there is a low hump. Mind you, the Rio Grande Valley there is practically a mile high. You go 150 miles west up here to the Divide and you cross over at 7,200 feet on the Santa Fe Railroad there [indicating]. It is 5,500 feet high here farther to the south at this other railroad crossing. There is the new railroad that is to be built by Phelps, Dodge &

Co., as it is said, right down along this Continental Divide to Duncan, Ariz., that indicates the Divide isn't a very bad place. Now, that is the line between the Territories [indicating]. There are two other divides in New Mexico—the one above Santa Fe, known as Glorietta, and the Raton Divide—either of which is much harder to climb by rail than the Continental Divide. There is a bad divide at Williams, in Arizona, and another west of Chino Valley, all on the Santa Fe Railroad.

MR. SMITH. Are there not four counties east of the Arizona line in New Mexico, adjoining Arizona, in which for a distance of 200 miles of the line no railroad can be built at all across the line? I am speaking of the north and south line, right along the line of the range.

MR. RODEY. No, Mr. Smith; you are mistaken about that. There are places where roads can and will be built all over the section mentioned.

MR. LLOYD. There are no settlements up in there near the Territorial line, are there?

MR. RODEY. Quite a number of settlements.

MR. SMITH. What settlements on the Arizona side outside of the railroad within 200 miles of that line—within that line, off the railroad?

MR. RODEY. The town of St. Johns has been there for thirty years. So has Show Low, Springerville, and other places.

MR. SMITH. How many miles from St. Johns to the opposite community in New Mexico?

MR. RODEY. About 15 miles straight across the line. Our people go over there every day.

MR. SMITH. What mountains do you get over?

MR. RODEY. They do not go over any.

MR. SMITH. What mountains could you get over from any settlement in New Mexico?

MR. RODEY. They do it every day, over that line there [indicating]. Here is a postal route map of the United States which will show you. Here is the cattle country, filled with cattlemen. That is all a range country. There are probably 500 square miles there that is craggy mal pais or lava country, with great pine trees growing up through it. It is true that there are mountains there that are impassable in places, but there are old roads all over that country. The old Indian town of Zuñi is located right there on the New Mexico side of the line a little farther north. Even Coronado, early in the sixteenth century, crossed there, as history shows.

MR. BEALL. Regardless of the location of the Continental Divide, is it not a fact that there is a great range of mountains interposed between the fertile portion of Arizona and the central portion of New Mexico?

MR. RODEY. That is true. There are many ranges of mountains. There are mountains there that are impassable in places.

THE CHAIRMAN. Isn't it true that great ranges of mountains interpose themselves between different portions of each of the Territories?

MR. RODEY. All over the Territories: that is true—everywhere. There is a range of mountains that runs down on the east side of the Rio Grande here [indicating], but there are passes in it once in a while. There is a pass here [indicating], where the Santa Fe is

planning a cut-off of 260 miles to get rid of this mountainous country over here [indicating].

Mr. BEALL. How many passes are there?

Mr. RODEY. There are eight passes in all.

Mr. BEALL. How many miles does that cover?

Mr. RODEY. A good 300 miles. That is in central New Mexico.

Mr. BEALL. But between the settlements—the settled sections of that Territory—there are those eight passes that you speak of, but the balance is practically impassable, is it not?

Mr. RODEY. In a sense it is, yes, sir; practically impossible.

Mr. LLOYD. What you said a few years ago with reference to the continental divide you would still say?

Mr. RODEY. I would still say. There are a few facts that I have learned since then that I did not know at that time.

The CHAIRMAN. I want to call your attention to a description by the governor of New Mexico of the topography of New Mexico and ask your judgment on it. He says that New Mexico is divided into three regions—the eastern plains, which he says are an extension of the plains of Texas; the valley of the Rio Grande, and the western plateau; and he says that two-thirds of all the population of New Mexico lives in the valley of the Rio Grande and the tributary valleys, and that three-fourths of all the irrigable land is in those valleys.

Mr. RODEY. Including the Pecos Valley. And I want to say right here that New Mexico, in my opinion, has threefold as much irrigable land as Arizona. We are much better off in that regard, I think. When Arizona thinks that New Mexico is getting anything from her she is greatly mistaken.

Mr. MOON. Why do you want to trade with her?

Mr. RODEY. As I said a while ago, Arizona need not lay that unction to her soul. If we could get in without her we would do it. But we can do it; Congress won't permit it, and the people of the United States won't permit it.

Mr. LLOYD. Isn't it true that at present the President of the United States and the Speaker of this House will not permit it?

The CHAIRMAN. That is hardly a fair question, Mr. Lloyd.

Mr. RODEY. I don't know that my individual opinion on that subject ought to go in this record.

Mr. LLOYD. It may not be a fair question, but there is very much truth in it, as the chairman well knows.

The CHAIRMAN. I would like to make a suggestion in that connection, and that is that the President of the United States has had probably a larger popular indorsement than any other President who ever was President.

Mr. LLOYD. But he was not indorsed on that particular question, because the gentleman is well aware that they did not put anything in the last platform on the question of statehood at all.

The CHAIRMAN. He was just as solidly in favor of it then as now, and the gentleman knows that a great many Democratic brethren voted for him, voted for him extensively.

Mr. LLOYD. I have nothing to say about the personality or the popularity of Mr. Roosevelt. The vote shows that. But I do say that he was not elected on a statehood platform, and more than that,

it is not fair to say that that was one of the issues of the campaign on which he was elected.

The CHAIRMAN. I am not saying that. I say that he was entitled to speak for the people as the most largely indorsed President that we have ever had.

Mr. LLOYD. I admit that; but what I am trying to get at is that the President of the United States, by reason of his message, and the Speaker of the House, because of his action, is controlling the Congress of the United States against the wishes of the people of both Arizona and New Mexico.

The CHAIRMAN. I dare say that my friend from Missouri is greatly mistaken as to that. The majority of the members of Congress probably—it will be demonstrated—I mean on the Republican side—are in favor of joint statehood for Arizona and New Mexico. They may have taken inspiration from the President of the United States, but I assume that every member of Congress has the same right to make up his mind, and is just as able to make up his mind, as my friend from Missouri. And I dare say that the members of the Republican side of the House have made up their minds. We do not know how they will vote, all of them—I presume you do know how all of your people will vote. But I think that each individual member will make up his mind.

Mr. LLOYD. Perhaps you intend to cast a reflection upon the minority side?

The CHAIRMAN. I do not.

Mr. LLOYD. There has been no conference on the minority side. There has been no conference whatever between the members of this committee on the minority side.

The CHAIRMAN. I disclaim any reflection.

Mr. LLOYD. I should like to add that every member on the minority side of this committee will vote as he pleases. No member, Mr. Moon, Mr. Reid, Mr. Stanley, Mr. Webb, or myself, but what can vote for the Martin bill or against, if we choose to do it. We are not hampered by any instructions.

The CHAIRMAN. I did not say you were. I have not made any suggestion of that kind.

Mr. LLOYD. It is brought out by what you have said.

Mr. MOON. I object to you gentlemen having this public controversy when you state in private just the opposite, both of you. [Great laughter.]

Mr. REID. I would like to know something about the truth of this, Mr. Rodey. I want to know, if I can, what the sentiments of those people are. Your successor, the Delegate from New Mexico, is for single statehood for New Mexico, I believe. I want to ask you if it is not true, as I have been informed, that the convention which nominated him would have nominated you if you had accepted that proposition; and did not the people who nominated him nominate him upon that proposition?

The CHAIRMAN. I think that is hardly fair to Mr. Rodey, because there is some secret history in that connection which you ought not to ask him to go into.

Mr. REID. I simply asked him to say yes or no.

Mr. LLOYD. I think if he does not want to answer this question—

Mr. RODEY. I do not care to say here. It has absolutely nothing to do with statehood at all.

Mr. LLOYD. I was going to say that I would object, so far as I am concerned, to Mr. Rodey being forced to go into that matter at all.

Mr. MOON. If Mr. Rodey can give any facts to indicate that there is an absolutely corrupt condition of politics in New Mexico, we ought to have them. If New Mexico is so rotten in her political organization as to keep a good man like Mr. Rodey out of this House by that sort of corruption, I would like to know something about it.

Mr. REID. I wanted to know whether it is true or not; he can say whether it is or not.

Mr. MCKINNEY. I would like to ask you this: Whether there is any more difficulty of communication between the two parts of these two Territories than obtains generally through New Mexico itself?

Mr. RODEY. Absolutely none. On this question of distances, as Governor Powers well said, modern means of communication, wireless telegraphy, the telegraph, telephone, with all the railroads they have, those that are building, and those that are coming—we have magnificent facilities out there. It is easier with our present facilities to go from one part of Arizona to any part of New Mexico than it was fifty years ago to go from one part of Maine to another part.

Mr. SMITH. What separates the town of Tucson from the town of Phoenix, the two great settlements? What separates any one of the two great cities of Arizona from easy communication with the other?

Mr. RODEY. Absolutely nothing, nor is there any difficulty in getting from Albuquerque to eastern California. I make that trip once in a while through Arizona, a distance of 400 miles.

Mr. SMITH. You have direct railroad communication?

The CHAIRMAN. Gentlemen, I wanted to call your attention to this matter, in which I am borne out by Mr. Fowler, in relation to the construction of the Tonto dam. Was it not necessary to get permission of Congress to construct a wagon road from Phoenix to the Tonto dam, because of the long distance that would be necessary to travel by rail to get there?

Mr. RODEY. There is a railroad line up to about this point [indicating on the map] in Arizona, to Globe station, in Arizona. It had to stop there on the east side of a range, because it could not get through to the large town of Phoenix. They could not find a path, and that is in Arizona itself.

Mr. SMITH. That was because of the Grand Canyon.

Mr. RODEY. No; the Grand Canyon is hundreds of miles to the north and northwest. The Grand Canyon is up here [indicating]. We are going to build a railroad right across here [indicating] from central New Mexico, from Socorro to the town of Phoenix, and when it is built it will not take more than ten hours to get through from Phoenix to the Rio Grande.

Now, gentlemen, upon this question of taxation, I want to say that where you are organizing a new State that is an important item. I want to first make the astonishing statement to you that they have at least \$400,000,000, and perhaps \$600,000,000, worth of property in Arizona subject to taxation, and yet they returned last year only \$42,000,000 worth for purposes of taxation. Won't you pardon the slang while I say, "Wouldn't that jar you?"

Mr. SMITH. Fifty-seven.

Mr. RODEY. They are raising it this year to fifty-seven millions. But that question is in their supreme court, I think—and if I am wrong Brother Smith will correct me. I think that twenty years ago the property returned for taxation in Arizona was about the same sum, or perhaps a little more.

Mr. SMITH. Oh, no.

Mr. RODEY. Or nearly so. In New Mexico we have \$350,000,000 worth of property that ought to be taxed, and we are returning \$40,000,000 worth for taxation. Wouldn't that jar you, also? The consequence is that in both New Mexico and Arizona, because of these returns, the rates of taxation run all the way from 3 to 6, 6½, and 7 per cent. The consequence is that capital, local capital, for loans and progress, is deterred from coming in for fear that the taxes will be collected on mortgages, which, of course, is never done there, but capitalists are afraid it would be done.

There is not in all New Mexico \$500,000 loaned on buildings. At least, I do not think there is. One bank in my town has \$3,000,000 on deposit, with \$150,000 capital. Another has more than a million and a half deposits, another three-quarters of a million, and a trust company half a million or so. There is not a dollar of foreign money there. But now let me show up an astonishing fact. Twenty years ago the returns for taxation in New Mexico were \$45,000,000. After we added \$100,000,000 worth of property through railroad building, mines, plants, lumber, and the building of cities and towns and through breeding thousands of cattle and sheep, it happens that in the good year 1905 it was only forty millions. And I want also to say that Arizona has not much to brag about, for it is just about as bad there. I want to tell you some of the causes of that sort of thing. A countryman of mine once said that after he had been kicked downstairs he thought it was a broad hint for him to go out. There may be gentlemen denying that certain interests are opposing the jointure of these Territories. I am not here to accuse anybody, but conditions accuse somebody, and I will point to some conditions for you. That is one of them; \$42,000,000 worth of property returned out of \$400,000,000 worth in Arizona; and that for years and years \$40,000,000 has been returned in New Mexico out of \$350,000,000 worth; and the Secretary of the Interior in his last report places the value of railroads in New Mexico at \$90,000,000 and the value on the assessment rolls at \$9,000,000. It is about equal to that in Arizona.

Mr. MOON. Why don't you remedy it?

Mr. RODEY. I will tell you. To be able to do so will be one of the blessings of being a great big State. When you have a great big State and a great big organization, every party that nominates a candidate for office has to put up its best men in order that they may be elected.

Mr. MOON. Don't you do that in the Territory?

Mr. RODEY. Yes; we do it after a fashion. I want to show you some of the laws that exist, so that you can see whether or not there is at least an inducement for certain interests to be against this jointure. Along in 1902 Messrs. Wells, Fargo & Co., who had paid out probably in the Southwest \$100,000 chasing train robbers, got an act passed—and I helped to pass it, and you will find it in the acts of Congress—that the United States Government shall chase

those robbers in the future. Brother Smith and myself were then representing Arizona and New Mexico, respectively, and we thought, from some of the advices that we received from home, that it would be a good thing to let it pass, because it would relieve some of the counties in our respective Territories from the expense. Well, now, Wells, Fargo & Co.'s express company is reaping the benefit of that, and Uncle Sam is paying the expense. That express company hasn't lost any statehood and it isn't hunting for any now, any more than any other great interests.

Then, again, I want to tell you another thing—it has not been explained fully, Brother Smith did not get the opportunity—I refer to the flat tax rate of \$175 per mile on the Santa Fe Pacific Railroad. And I may say here, for fear I will not get to it again, that there are hundreds of miles of railroad in New Mexico not paying any tax at all, the limitation period of exemption since their construction not having expired yet.

The CHAIRMAN. Six hundred miles—586 miles.

Mr. RODEY (continuing). Do not pay any taxes at all. The railroads in Arizona and New Mexico, the transcontinental railroads, pay only \$7,000 per mile on the most valuable part of their New Mexico and Arizona lines, and that includes rolling stock, equipment, and everything. The moment those transcontinental lines cross from Arizona to California at the Needles, they pay \$14,000 per mile, as it is said; or, when they go into Texas on the east, they pay \$17,000 per mile. Yet there are people who can not see any motive in railroads bringing parties of Congressmen in special trains down to the Territories free of charge and trying to induce them to work against statehood.

Now, let me tell you about this flat rate of \$175 per mile paid by the Santa Fe Railroad for more than 500 miles of its main line length in New Mexico and Arizona. That sum per mile under the rate of taxation paid on other property in the counties the road runs through would be equal to a valuation of from \$4,500 to \$5,500 per mile, perhaps, which, of course, is an extremely low rate considering that it is its main line, and that east and west in the States the same railroad pays sometimes as high as three times as much. However, when this law was passed, the counties through which the road runs were very anxious for it, as under the act of Congress creating the road, it had been absolutely exempt from taxes on its right of way for more than twenty years, and had maintained that position in the courts. Myself and Mr. Smith, of Arizona, realized that the passage of such an act might yet be an inducement for the railroad to fight statehood, but the pressure from our constituents was too heavy and we had to give in and permit the act to pass. Of course, the officials of the railroad at the time promised that it would have no such effect. You can well see what an enormous sum per year this act of Congress and this condition is worth to this single railroad.

This same railroad has other reasons for opposing statehood, if it is opposing it. Let me enumerate one. It owns a land grant that reaches 20 miles on each side of its track along this 500 miles of road I have been mentioning in the two Territories—that is, it owns checkerboard or alternate sections of the land, save where it has sold quantities of the same. In some instances it owns land as much as 40 miles away from its track, which it received as an indemnity for

land lost to it within the 20-mile strip by prior appropriation or otherwise. It has turned out that checkerboard semiarid sections of land are not very valuable for general purposes; so the railroad has for years, for itself and those it has sold the land to, been making strenuous efforts to induce Congress to permit it to bunch its land into large, compact bodies, so that it might sell it in large tracts to lumbermen, stockmen, or others who might want it. It does not require much of an imagination to make a guess that it would like to have all this done and completed before the new State of Arizona proposed by this bill shall have had any opportunity to select its twenty-odd millions of acres of school lands out of the remaining public domain. It stole a march on the Territory of New Mexico in the last three years on this subject, and in some manner secured the creation of what is known as the "San Francisco Mountain Forest Reserve" in Arizona, which included, as it is said, about a million and a half acres of its checkerboard land. It immediately got scrip issued to it for this land, and sold it to expectant and waiting purchasers over in eastern New Mexico, who at once gobbled up a principality of New Mexico's best remaining land along the Texas line on our east. The land it gave up had, as it is said, practically all the timber cut off from it and was worthless, save perhaps for a summer pasture range, and the land it took in lieu of it in eastern New Mexico—which amounted, I think, to something like three-quarters of a million of acres—was the finest kind of Pecos Valley pasture and semi-agricultural land. They also located a lot of this same scrip in western New Mexico, on timber land, and are doing so still. This scrip is at present worth \$8.50 per acre and upward, and when the scrip law was repealed, the last moment of the Fifty-eighth Congress, some interested person very shrewdly had an exception inserted in the act to protect this scrip.

Mr. MOON. Who owns the land granted the Atlantic and Pacific Railroad?

Mr. RODEY. The railroad originally owned it, but it has sold some of it to other people, but appears to act for the venders.

Mr. MOON. Who do you put the blame on?

Mr. RODEY. Not upon anybody; you must draw your own inferences. All these things are keeping our assessments down and retarding our progress. Bill after bill has been before you here, and will continue to be here eating up our best lands, until there will be nothing left of the patrimony of our children if we do not get a bill like this statehood bill passed some time soon and become a State of this Union. When we can get \$700,000,000 worth of property in both Territories together put upon our tax rolls with a tax rate of one-half of 1 per cent, we can raise \$3,500,000 per annum for the expenses of that great State. Capital will rush into such a tax-blessed Commonwealth. That will be one of the blessings. And I defy any man from Arizona or New Mexico or anywhere else to deny it. Even these special interests will pay less taxes under statehood than they do now, if they only knew it.

Mr. SMITH. That would be equally true if we had had separate States under the same donation.

Mr. RODEY. I firmly believe that separate States would be easier of control by special interests if we had them. But I know as well as anybody knows that the day has passed when the Arizona popula-

tion or the New Mexico population can come into this Union as separate States. What's the use of wasting time with a dead issue?

Mr. MOON. Do you mean to say that it is easier to control two separate organizations than one?

Mr. RODEY. Yes; I should consider it so, such as those two. The larger the State in area the harder it is for special interests to control things, as, for instance, see Texas. If we are a State we have some hope of putting that \$700,000,000 worth of property on the tax list that I have shown you both Territories possess, instead of about one-ninth of it, as is the case now. We will be the greatest tax-blessed State in the Union when we have that great State created—that is, as soon as our people have become wedded to it, and it is a growing Commonwealth. Arizona says, Why Mexicanize us with New Mexico? Of course that does not mean anything to us in New Mexico, because we know that a "Mexican," so called, is just as good as anybody else. Arizona need not have any fear; they need not say anything about the "Mexicans," because they have a lot of them in their own Territory. I went down to Tucson last December and lectured. We went around and visited some of the Spanish-blooded citizens there. They have 700 natives in Tucson: three or four hundred of them came to the meeting, and they were just as good as anybody, just as good citizens, and belonging to both parties there; Mr. Smith knows that as well as anybody else. Why Nabor Pacheco, a Democratic native, is sheriff of Pima County.

Even if the population of New Mexico is only half and half as to the races, Arizona would have no cause to complain in the constitutional convention. The proportion in the constitutional convention would be 77 to 33. Let me explain. The constitutional convention as provided in this bill will contain 110 delegates. Sixty-six elected from the different districts of New Mexico and 44 elected from the different districts of Arizona. Now of the 66 elected from New Mexico vastly more than half will be so-called "Americans," even if they were elected on a strictly race issue, and those added to the 44 from Arizona will be in a position to overpower the poor so-called "Mexicans" in the convention who can not in any event number more than 33. I think that pretty effectually disposes of Arizona's fear of New Mexico's "Mexican domination of the constitutional convention." There is nothing in Arizona's complaint. It is the so-called "Mexicans" of New Mexico who have cause of complaint, if any exists. They have a right to say that they will be swamped by the so-called "Americans" in the convention from New Mexico and Arizona combined; but, gentlemen, it is all nonsense.

There will be no race issue in the election of delegates to that convention any more than there would be if Arizona were holding a convention for itself. When this State is created its people will be a unit and no race question will be heard of. They will not divide upon the present Territorial lines of division, but they will divide upon political lines. The northern portion of the State will be Republican, and the southern portion of the State will be Democratic. The constitution will cover the entire State and every general law will do the same. All these complaints of Arizona are but scarecrows set up by the special interest and aspiring politicians trying to thwart the destiny of the people. Even if they do speak Spanish in some of the counties of New Mexico to some extent, and even if they

do use interpreters in some of the courts in a few of the counties, that will fade away and will not be heard of in a few years, and while it does exist it will only affect the few counties and districts where it exists. Under this bill as to United States courts Arizona is a judicial district by itself and so is New Mexico. Under the local courts districts will not interfere with each other at all.

Mr. MOON. Then all that you stated heretofore about that was a mistake?

Mr. RODEY. I never said anything about that before. This question never arose before.

Mr. MOON. You discussed heretofore the difference in population, customs, religion, and everything else.

Mr. RODEY. I pointed out all of that to you; you can read what I said; it is in the record.

Mr. MOON. I just wanted to know which one of the speeches you wanted us to believe in.

Mr. RODEY. I don't take back anything that I have said heretofore. When they advance these things about the population of our Territory, and advocate that as against jointure, I want to point out the blessings that will come from jointure, that are incomparably of greater value and of greater importance than any of the objections. Those are things I have not talked of before.

Let me give the committee an idea as to New Mexico's resources. It is the greatest pasture land in this nation. It has perhaps 7,000,000 of sheep, 1,500,000 of cattle, 1,000,000 Angora goats, hundreds of thousands of horses and other live stock. Next to Arizona, it possesses the most extensive white-pine forest in the United States, if we can use that term about a Territory. It has perhaps the largest coal area of any single jurisdiction of the nation, and has vast deposits of iron that appear to be inexhaustible. The two Territories put together dovetail properly, each needs the products of the other. Southwestern Arizona produces semitropical fruits, while New Mexico produces the grains and fruits of the Temperate Zone. Arizona needs New Mexico coal and coke to smelt and reduce the products of her rich mines, and New Mexico itself has in many places mines that may yet even rival Arizona's. Objection has been made to this Territorial union because of the alleged inconvenience of the great distances to be traveled to the State capital, which is put at Santa Fe. The act does not fix the capital permanently at Santa Fe, leaving it to the people themselves to fix it in years to come. But as to this distance question, there is nothing in it; as stated before, there are parts of New Mexico to-day quite as inaccessible to the capital as is central Arizona to Santa Fe at the present time, and there are parts of Arizona just as remote from Phoenix to-day as Phoenix itself is from Santa Fe when difficulty of travel is counted. But all this is fast being remedied, and a few cross lines of railroad in each Territory will eliminate the objection on account of distances to the union of the Territories. Why, even now it is farther from El Paso, a good-sized city of Texas, to Austin, the capital of that State, than it is from the south line of New Mexico straight up to the middle of Colorado and Denver.

It is farther from the west line of Nebraska to Lincoln, the capital of that great State, than it is from Phoenix to Santa Fe in a straight line by a good many miles. It is much farther from San Diego, the

most southerly city of California, to Sacramento, the capital of that State than it is from Phoenix to Santa Fe; in fact, a couple of hundred miles farther. Northern Idaho is more inaccessible to the capital of that State than is any part of New Mexico or Arizona to Santa Fe. Montana is nearly as wide from east to west as are the combined Territories of Arizona and New Mexico.

Now, in what I say here I do not want to be put down as nor quoted or considered as a crank against railroads, capital, or any of the great moneyed interests. I respect all railroads and their decent officials, and I have high regard for rich mine owners who develop our country and for our large live-stock men who also help to bring capital to us, but whenever any of them attempt to possess themselves of any privileges not accorded to the people at large, or to monopolize natural resources against the right of the present generation or of posterity, I am flatly against them. People may think that some remarks I have made here to-day are not justified. I might add to those already made with reference to taxation, etc., that there is not in New Mexico, I know, nor in Arizona, as I am informed, a single line of law on their statute books restricting, limiting, or controlling, in any sense, passenger or freight rates upon railroads. That is an astonishing thing after twenty-five years of railroad life in the Territories. I make also the astonishing statement that you may search the twelve volumes of New Mexico's Supreme Court Reports in vain from lid to lid in every volume without finding a single decision in a personal damage case against a railroad. I am informed that practically the same thing is true in Arizona. Our appointive boards of equalization are known by their works; they are hampered by acts of Congress and by the Territorial condition.

Mr. SMITH. You do not mean to say that such a thing obtains in the decisions rendered in the Arizona courts in relation to the railroads, do you?

Mr. RODEY. Yes, I do; or nearly so. It is a remarkable fact that now the attorneys have ceased to bring personal damage suits against the railroads of New Mexico, and I am also informed that that is somewhat the case in Arizona, and people began going to other places to file their suits until the railroads caused a law to be passed trying to prevent it.

Mr. MOON. Is that because your courts and juries are corrupt?

Mr. RODEY. No; I will tell you why it is. A Territorial form of government is an incongruity. Its officials are responsible to bureaus that are too far away. The governor is appointed almost invariably at the behest of great interests. No man can stand much show as a candidate for governor unless he has the indorsement of these great interests and other bodies of that character.

Mr. MOON. Then you are impeaching the President of the United States and his appointments.

Mr. RODEY. No, indeed; I most emphatically except the present President from the statement. He is not controlled by anybody, particularly not by railroads. After his appointment, a Territorial governor appoints about 350 men all over the Territory, such as district attorneys, boards of regents, and all those officials. The governor is not responsible to the people in the Territory; he does not have to look to the electorate for anything; he has no such responsi-

bility as the governor of a State. All of the officials in a Territory, with a very few notable exceptions, ride on passes, and in some instances some of them do exactly as the railroads, the cattle interests, and the mine owners want them to do. It is not corruption, in the ordinary sense; they simply refrain from doing anything against these great interests until it becomes a sort of custom.

Mr. LLOYD. You don't wish to be understood as saying that the present governor of Arizona is controlled by railroad companies, do you?

Mr. RODEY. No; I believe he is an exception; and I do not think our incoming governor in New Mexico will be, either.

Mr. LLOYD. Would you not except his predecessor, Mr. Brodie?

Mr. RODEY. I surely would except him, too. But I understand that even those two governors could not bring about the reforms they wanted to; too many other officials in Arizona and influences were opposing them.

Mr. MOON. Then things are corrupt in New Mexico, and probably in Arizona, too; is that what you mean?

Mr. RODEY. No; I will not say that. Corruption is too hard a word to use. These Territories have long been running in a rut of desuetude into which the railroads and special interests have pushed them.

Mr. SMITH. Mr. Rodey, you have made a misstatement, probably unintentionally, in speaking of the great power of the governor of New Mexico. The governor of New Mexico appoints officers all the way down. The governor of Arizona has no such power. Our voters select all the officers that are correspondingly appointed by the governor of New Mexico. We do it by self-government, with the strict Australian ballot, and our people are elected.

Mr. MCKINNEY. If there is a difference in the matter of selecting officials in Arizona, you do not notice that difference in the assessment of property.

Mr. RODEY. Not at all. The fact of the matter is, gentlemen, that the condition of the Territories—both of them—are just intolerable. Neither railroad men nor others can deny this. I have shown you facts that ought to stagger a ward heeler, and only statehood will remedy them.

The CHAIRMAN. May I call your attention to this fact, that I gathered in a general way from the reports of the Government, that the commercial value of a railroad in New Mexico is something like \$86,000,000, and that they are assessed at about eight millions. The commercial value of the railroads in Arizona is sixty-odd millions of dollars, and assessed at about \$6,000,000. About 10 per cent applies to both Territories.

Mr. SMITH. What do you mean by commercial value?

The CHAIRMAN. Actual value.

Mr. RODEY. What I mean is that any railroad is worth \$30,000 a mile if it has business to pay. But most of our railroads are taxed down below \$7,000 per mile to \$2,500 per mile, and all other property is kept down to keep this company in both Territories, and hence high rate of taxation keeps out capital and retards progress.

Mr. LLOYD. Isn't it true also that the railroads through the United States are commercially supposed to be worth a little over \$13,000,-

000,000, and that the total assessed valuation of the railroads of the United States is only a little over \$2,000,000,000?

Mr. RODEY. That might be true, I could not say. That does not detract from the force of the argument that I am making, for this reason: At \$30,000 per mile the railroads in New Mexico alone—

Mr. COLE. According to the Government reports which were here yesterday—I haven't the reports now—the assessment of the railroad property in Arizona and New Mexico is about 10 per cent of its commercial value. In the other States of the Union it will average between 25 and 30 per cent.

Mr. MCKINNEY. According to the question propounded by Mr. Lloyd as to the capitalization of the railroads of the country being \$13,000,000,000, and the amount of taxation being on the basis of \$2,000,000,000, how would that apply to the taxation that prevails in those two Territories?

Mr. RODEY. That would be some 20 per cent, while ours is only 10 per cent.

Mr. SMITH. In my opinion the Pennsylvania Railroad pays less taxes if you will consider the enormous expense of making the road out West, the great bonded debt, and these long stretches of country, out there where they do not carry one bit of local traffic.

The CHAIRMAN. And yet the transcontinental freight rate is classified so as to bring up the returns for these roads per mile in proportion to the other roads throughout the Union.

Mr. SMITH. I am speaking about the carrying trade of those lines. I am not making the argument that they should be taxed more.

The CHAIRMAN. In the classification of railroad rates throughout the country the lines are divided into three districts by the railroad officials. There is one district, I think, east of the Mississippi River north of the Potomac and the Ohio rivers, and another south of that, the Southern States, and another west, the Pacific or Western States. The rates are regulated so that the roads will be fully protected, and the roads are doing that themselves.

Mr. RODEY. Yes; and the railroads parcel out the country as belonging to each other, just as though they were the sovereigns instead of the servants of the people.

Mr. SMITH. Do you take into consideration what those railroads out West pay for washouts? I think it was certified that they paid out last year something like three or four millions of dollars. All of those expenses must go in.

Mr. RODEY. Another fact. You gentlemen here may think that Arizona is a unit against this jointure; you would probably think so from what you have heard from the gentlemen from Arizona who are here, and perhaps these gentlemen have facilities that are in some respects superior to other gentlemen in Arizona for getting information. I am secretary of the Joint State League of New Mexico, and I am in constant consultation with the secretary of the league in Arizona, Dr. Mark A. Rodgers, of Tucson. Mr. Schumacher, the ex-mayor of the town of Tucson, is the president of it. A lot of literature, a lot of telegrams have come here on this question within the last eight days. Fifteen telegrams alone came from Nogales, Ariz., for joint statehood, and you will find them on file in the Speaker's room now. I am informed that 157 telegrams came from

New Mexico and Arizona combined congratulating the President upon his recommendation in his message for joint statehood, and I think he was astonished to receive so many.

Mr. MOON. While you are on the subject of telegrams, do you know of any telegram coming from Phoenix, Ariz., to the chairman of this committee protesting against putting Arizona in the bill with New Mexico?

Mr. RODEY. I have no knowledge of that; I don't know anything about it.

Mr. MOON. Do you know a gentleman named A. O. Hamilton. at Phoenix, Ariz.?

Mr. RODEY. No; I think I know of his father though, Patrick Hamilton.

The CHAIRMAN. Is that a gentleman who went from St. Joseph. Mich., in the Fourth district of Michigan?

Mr. MOON. The telegram is in response to one sent by the chairman.

The CHAIRMAN. I haven't sent him any telegram.

Mr. MOON. This is your telegram. I will read it: "A. O. Hamilton, Phoenix, Ariz.: Am forcing nothing. Joint statehood is President's policy. What committee decides will have to be done." And signed by E. L. Hamilton.

Mr. REID. Mr. Rodey, what does Arizona think about this thing?

Mr. RODEY. Along in last December there was a meeting out in Tucson, Ariz., and a petition was signed there by 326 citizens of Arizona. That is before the Senate committee now. There were about 40 names from Nogales, in the vicinity of Tucson. Petitions have been sent here from New Mexico with many thousands of names—sent to the Senate committee; and I want to say that in New Mexico the newspapers of importance are largely for us. But a great many of our people are silent—sort of doubtful—but the vast majority are outspoken for joint statehood.

Mr. MOON. Do you mean to say that you know more about the situation and opinion in Arizona than the thirty-odd people who have come here from that Territory?

Mr. RODEY. No.

Mr. MOON. What proportion of Arizona is in favor of this measure?

Mr. RODEY. Based upon my knowledge, I believe one-third of the people of Arizona this minute are in favor of this measure.

Mr. MOON. Do you mean to say that the judgment of all these people there is to that effect, and that such as are present here are against it?

Mr. RODEY. I absolutely so believe. I went down to Tucson and stayed there all day. We found people in Arizona making a house-to-house canvass to see that nobody should attend a meeting that we were to have there that night. I went around and made a house-to-house canvass myself to some extent, and I found a good many joint statehoodites. Then that evening the band was not to be had. The committee had to fire anvils in front of the door, and we did it. We had a splendid meeting, and I talked there for two hours. Mr. Childers, of New Mexico, talked; Mr. Miera, of New Mexico, talked in Spanish and English, and Mr. Ainsworth, of Phoenix, Ariz., talked. Mr. Ainsworth is a lawyer and banker, a man of standing, and he will be here in a few days, I think. This question of joint

statehood, I assert without fear of contradiction, has been subjected to the most intense persecution in the Territory of Arizona in the last six months by every influence that could be brought to bear against it.

The CHAIRMAN. I want to ask a question. Is it true that the governor of Arizona has caused postal cards to be sent all over the Territory of Arizona in which he announces himself as governor of the State of Arizona, with his picture in the corner?

Mr. RODEY. I have one of those in my files. I want to say this: On the 27th of May last, when they had the antis' convention at Phoenix, Ariz., the platform, as the newspapers gave out, was crowded with officials and the agents of the special interests of Arizona against this jointure. They would not admit any person favoring jointure to the meeting, and denunciation of jointure was kept up until it got to be treason for anyone in Arizona to dare express their judgment if they happened to be for joint statehood. Arizona simply started wrong on this proposition. It got to be unpopular before the matter was understood. When the people do understand it, no one will be mean enough to be against it.

Mr. SMITH. Have you got in all of your records 1 per cent or one-half of 1 per cent of the people of Arizona as in favor of joint statehood, in all the showing that you have been able to make there with your campaigns?

Mr. RODEY. It would be a tremendous job to get that number of people to say outright that they were for joint statehood, but go over to the Senate committee and you will be surprised at the letters and petitions on file there. Arizona is here now trying to kill this bill in Congress. It has not the courage to let it go to the people of Arizona. I will take the stump against its enemies out there at the proper time, and so will others. I will take the stump against any of the antis in Arizona. The big interests of those two Territories have enthralled the people there for twenty-five years. The crisis in our history has come, and now is the time to act.

Mr. BEALL. They have the Australian ballot system in Arizona, have they not?

Mr. RODEY. Yes, sir; I so understand.

Mr. LLOYD. In making the statement that you did, I suppose you did not wish to reflect upon the motives of any of the men here?

Mr. RODEY. I did not mean any reflection; but I wish to say that there is not a legitimate and logical argument against joint statehood, nor is any made save what I contend is based on foolish sentiment or unreasoning prejudice, and I believe that the people there certainly favor it.

Mr. BEALL. Would you be willing—or don't you think it should be done—that if this bill passed, and it is stipulated that the elections shall be held under the Australian-ballot system, do you think they should be held under the system of Arizona rather than under your system?

Mr. RODEY. That is a matter of detail that I have hardly any opinion about. Any fair way would be all right. I would favor Arizona's law, for I think it is better than ours.

Mr. BEALL. Wouldn't that be the fairest?

Mr. RODEY. It may be. I am not used to the Australian-ballot system, but I have a high opinion of it.

Mr. BEALL. Would you be willing for a provision to be put in the

constitution, and the passage of a bill by the legislature requiring the Australian-ballot system, and requiring a voter to read and write the English language as a prerequisite right to vote?

Mr. RODEY. I would not go to the extent of having them read and write the English language as a prerequisite, because there are counties in New Mexico where it would not be fair to ask the older natives, who might not be able to read and write English and who are good citizens, to give up their vote. In fact, if you were a member of our constitutional convention and saw the conditions there, you would not insist upon that. It is not a case where they come into a community as they do in Missouri and other great States and assimilate with your people. These people were born in New Mexico. I think the older generation of our natives should be permitted to vote as long as they live without reference to language. The new generation do not need any such protection. I shall advocate the Australian ballot in the constitutional convention if I live and am a member of it.

Now, you have heard a good deal in the arguments here about a school system, and I want to say that Arizona is not one bit superior to New Mexico in that respect. We have a school system second to none, and a system in our cities equal to that in Boston. We have a University of New Mexico, two great normal schools, the school of mines, a military institute, and a half a dozen other sorts of institutions and schools, and splendid public common schools in every city, town, and village in the Territory, besides the mission and denominational schools. We have splendid schoolhouses, and we spend more than \$1,000,000 a year in one way and another for their support. We have a few communities in the outlying districts where the educational system is not what it ought to be, where they have not got as good schools as they ought to have. In my town you will find a school system that Massachusetts could well be proud of, and it amuses me to hear the people from Arizona brag of their superiority. We have just as good a school system as they have in Arizona and better in some parts of our Territory. We have \$2,250,000 worth of school buildings alone, with 350,000 people raising nearly \$1,000,000 a year for their support. What do you think of that?

The CHAIRMAN. So that you would be able to put your school buildings and your school facilities against their schools?

Mr. RODEY. We have more facilities of that kind now than Arizona has. And, furthermore, Arizona owes millions of dollars where we only owe about \$800,000. Arizona was forced by an act of Congress years ago to assume its county debts, and the bill was so worded as to validate a lot of bonds which had been fraudulently issued. Being honest people they wanted to pay their debts, and after the Supreme Court held that these counties did not have the right to vote the railroad bonds, and they were therefore void, then, Arizona being honest, she had this act of Congress passed. It was unfortunately worded so as to make good a lot of bonds that it was not the intention to validate.

The CHAIRMAN. When was that done?

Mr. RODEY. Several years ago. Then Arizona was forced to issue her Territorial bonds for all of these county bonds, including these fraudulent ones, and that makes Arizona's Territorial debt three million and odd dollars, but, of course, about two million dollars of this

are the county debts that Arizona had to issue her own bonds for. New Mexico has but two counties in the Territory; in fact, it can reasonably be reduced to one—Santa Fe County—that is badly in debt. The actual debt of the Territory is only about \$800,000.

Mr. SMITH. How much do all your counties owe?

Mr. RODEY. About a million and a half. I am excepting Santa Fe County; that is in bad shape.

Mr. SMITH. That is the very one we think we would have to pay.

Mr. RODEY. Don't you fret about Arizona paying any of our debts.

Mr. LLOYD. Santa Fe County has an indebtedness of \$645,000.

Mr. RODEY. It is more than that, I think; they can compromise on five or six hundred thousand dollars, I believe, though.

Mr. LLOYD. In order to get this thing perfectly understood by the committee—I don't understand myself what is county indebtedness and what is Territorial indebtedness. You have stated that you had a Territorial indebtedness of \$845,000.

Mr. RODEY. \$845,000 would be the extreme Territorial debt. The Government report gives it as that.

Mr. LLOYD. Is this correct, Bernalillo, \$361,000?

Mr. RODEY. You are now reading what our counties owe; that has nothing to do with the case. We are willing to pay that; we have plenty of property to pay that debt. That is my home county.

Mr. LLOYD. Chaves County, \$52,960.

Mr. RODEY. It could pay that to-morrow.

Mr. LLOYD. Colfax, \$76,000.

Mr. RODEY. That is a very rich county. There is more than a million acres of coal land that the owners would not sell for \$30 an acre, I am inclined to believe, but it is said it is returned as pasture land at 30 cents per acre.

Mr. LLOYD. Taos, \$84,000.

Mr. RODEY. It can pay that also.

Mr. LLOYD. Donna Ana County, \$62,000.

Mr. RODEY. That is a rich county.

Mr. LLOYD. Grant County, \$238,000.

Mr. RODEY. That is the county that was embarrassed, but I think it has refunded its debt.

The CHAIRMAN. Has not Grant County paid those bonds? I think it paid those bonds that it wanted to repudiate.

Mr. RODEY. Grant and Santa Fe counties are the only counties with railroad bonds that amount to anything. I don't think Grant wanted to repudiate; it may have been embarrassed though.

Mr. LLOYD. Grant County has refunded its debt.

Mr. RODEY. It is fixed up in some way, I think.

The CHAIRMAN. Grant County has paid that debt.

Mr. RODEY. I did see something about it at home, in the newspapers, I think.

Mr. LLOYD. Guadalupe County, \$34,000; Lincoln County, \$21,000; Luna County, \$14,000.

Mr. RODEY. Those have spent nearly that much for a new courthouse in each county. Those counties can pay those debts when due. They cut no figure in jointure.

Mr. LLOYD. McKinley County, \$35,000; Mora County, \$92,000; San Miguel County, \$490,000, almost a half million; and Santa Fe County, \$845,000.

Mr. RODEY. San Miguel is a very big, populous, and rich county and can pay its debt easily.

Mr. LLOYD. Sierra County, \$55,000; Union County, \$43,000; Otero County, \$47,000; a total of \$2,603,360.

Mr. RODEY. Does it make a total of that much? It is more than though it was, but of course it includes Santa Fe County's debt. That can be compromised I think. All the others can pay their debt.

Mr. LLOYD. Is there any outstanding warrant debt, warrants that have been issued and that have not been paid?

Mr. RODEY. There may be a county or two having some, but we have a law against it.

Question by Mr. N. O. MURPHY, of Arizona (by permission). Is it not true that there are Territorial bonds which funded these county municipal school district bonds into low interest bearing bonds, and that they are at a premium of 109 in New York to-day?

Mr. RODEY. The fact is that this fathering of the county bonds by the Territory of Arizona was considered a splendid thing for the Territory. They have issued those bonds, and the new State must take care of them when we come in as a State. We have just \$800,000 worth of bonds that we must take care of.

The CHAIRMAN. How much is your Territorial bonded indebtedness?

Mr. RODEY. Eight hundred thousand dollars, about.

The CHAIRMAN. As against how much?

Mr. RODEY. As against \$3,000,000 in Arizona. To be fair to Arizona, they really, as a Territory, only owe about one-half as much as New Mexico, only that Arizona had to father their county debts.

Mr. LLOYD. I know you want to be absolutely fair. The debt of Arizona, including the Territorial debt, is a little over \$3,000,000; and the debt of New Mexico, including its county debt and its Territorial debt, is a little over \$3,000,000.

Mr. RODEY. About the same for both of them.

The CHAIRMAN. Do you include those Santa Fe worthless bonds?

Mr. LLOYD. You included the worthless bonds which have been validated in Arizona.

The CHAIRMAN. In Arizona there were two counties, and those bonds were bought in at a low figure, were they not?

Mr. MCKINNEY. I think you have covered it in your remarks before, but I would like to ask you about what proportion would you say of the inhabitants of these two Territories are Americans?

Mr. RODEY. All of Arizona, and three-fifths of New Mexico.

Mr. MCKINNEY. About what proportion would that be?

Mr. RODEY. I figure that Arizona has about 175,000 people, and New Mexico has 350,000 people. That is 525,000 people that we will have in the new State. Now, there are about 140,000—that may be a little under or a little over—of natives in New Mexico. That leaves 385,000 population for the new State that will be "American." One hundred and forty thousand will be people of Spanish descent, but "Americans" also.

Mr. MOON. Those are your figures—not the census figures?

The CHAIRMAN. The same proportion will hold true for the census figures.

Mr. RODEY. They should be the same thing.

Mr. McKINNEY. What proportion would that be; what percentage?

Mr. RODEY. I think there would be more than two-thirds "Americans" in the new State.

Mr. McKINNEY. A large proportion are American of the two Territories.

Mr. RODEY. An overwhelming proportion at the present time in the two Territories combined.

Mr. McKINNEY. Now, what proportion of the Mexican people, so called, in the two Territories would you say speak the English language?

Mr. RODEY. One-half of them in New Mexico and nearly all of them who are citizens of Arizona.

Mr. McKINNEY. That increases the proportion of English-speaking people very largely and would run it up to about three-fourths.

Mr. RODEY. The question of the Spanish-speaking people in the two Territories would not cut any figure at all in the constitutional convention. Those who came to the convention would be just as capable as any other race.

Mr. McKINNEY. You would not fear that there would be influences brought to bear on the part of the Mexican people that would in any way jeopardize the rights of this large majority of American and English-speaking people?

Mr. RODEY. Indeed, sir, there is absolutely nothing for anybody to fear, and if there was any reason for anybody to fear anything it would be the natives of New Mexico. There are 66 delegates to be given to New Mexico in this constitutional convention. Of course, as New Mexico has more Americans, so called, than it has natives, we would get 33 of these anyway in the convention. There would be 44 from Arizona, which would make 77. So that it would stand 77 Americans to 33 natives, if they were elected on a foolish race issue. It is the natives who have a right to fear, because we will not divide on these Territorial questions. We will divide on political lines.

Mr. SMITH. Do you say that the majority of the people in New Mexico are not of Spanish-American or Mexican descent?

Mr. RODEY. I have said it so often that I am astonished that anyone will ask me that question again.

Mr. SMITH. How many of your legislatures have had Mexican majorities?

Mr. RODEY. Many of them, and all of them in former times.

Mr. SMITH. Haven't there been more than that that you can remember? How many Americans are there in Donna Ana County, in Mora County, in Rio Arriba County, San Miguel County, Union County? How many, excepting native born, as you call them, are in any one of those counties?

Mr. RODEY. That is no indication at all. Here is something that I wrote for Senator Foraker on this subject two years ago, and this is what he said. I would like to read this. This is a pretty good synopsis. It was written three years ago, and it has more bearing on the subject to-day than it had then (reads):

"Legislature.—There has been little or no need of an interpreter in the legislative assemblies of New Mexico for about ten years last past, as every member of both houses could understand and speak English reasonably well. Such an officer was employed though, because the organic act of the Territory provides

for the office and attaches a good salary to it, and therefore there were always applicants for the place, and sometimes interpretations took place as much for the benefit of the spectators as otherwise, some of the latter not understanding English well.

"There will be no need of an interpreter in the coming legislative assembly, the members for which are now elected. The council (senate) is unanimously Republican, all are scholars of a high order, and a short description of the personnel thereof is as follows: "

Now, I call the attention of the Senate to the character of the men who constitute the senate in the Territorial legislature of New Mexico. As I read this description of the men, you will see whether or not there is any justification for that which has been said in criticism of the people of that Territory so far as their legislature is concerned.

"Col. J. F. Chaves: Present superintendent of education; late colonel New Mexico Volunteers during civil war; member G. A. R.; Delegate several times from New Mexico to Congress of United States; a linguist and scholar of very high attainments, and one of the best parliamentarians in the nation; a native of New Mexico.

"Thomas Hughes: A scholar of fine attainments; publisher and editor of the Daily Citizen, of Albuquerque, N. Mex., a newspaper of almost metropolitan proportions, work on it set up with linotype machines; a man of large experience as a legislator; a resident of New Mexico for more than twenty years.

"George F. Albright: A scholar of high attainments; publisher and editor of The Daily Journal-Democrat, of Albuquerque, N. Mex., also a newspaper of almost metropolitan proportions, using linotype in its preparation; formerly of Missouri; has resided in New Mexico more than twenty years.

"W. H. Andrews: Miner and railroad builder; formerly of Pennsylvania; one of our most enterprising citizens; a man well versed in statecraft and politics generally; late a State senator of Pennsylvania; resident of New Mexico past eight years.

"C. A. Spless: A lawyer of considerable attainments; present district attorney for fifth district of New Mexico; formerly an educator; a man of large experience as a legislator; has lived in New Mexico about twelve years.

"James S. Duncan: A railroad and irrigation contractor and builder; a man of vast experience and high attainments generally; has lived in New Mexico about eighteen years.

"Albert B. Fall: Late associate justice of the supreme court of New Mexico; a lawyer of high attainments and large experience; late a captain in the Rough Riders.

"W. A. Hawkins: A lawyer of exceptionally high standing; represents some of the largest interests in the Southwest.

"M. Martinez: Ranchman and stock raiser; a good scholar and linguist; has had large experience as a legislator; a native of New Mexico.

"V. Jaramillo: Ranchman and stock raiser; a young man of education and high social attainments; graduate of Notre Dame College, Indiana; a native of New Mexico.

"Amado Chaves: A native of New Mexico; ranchman and stock raiser; late Territorial superintendent of education; late mayor of the city of Santa Fe; a scholar of a very high order and large experience as a legislator.

"Saturnino Pinard: A native of New Mexico; linguist and scholar of considerable attainments; a man who has been prominent in his section of the Territory for many years, having held many official positions.

"As to the house, it stands 21 Republicans to 3 Democrats, the membership and a description of which is as follows: Every one of them speaks English. An interpreter will probably be entirely dispensed with in the coming legislative assembly, and the money therefor covered back into the National Treasury; at least a movement is on foot now to have that done.

"McIvers.

"M. B. Stockton.

"C. Sanchez: Speaks English and Spanish well.

"W. F. McCash.

"Antonio Lucero: Teacher in Las Vegas schools; fine English scholar.

"Gregorio Gutierrez: Fine English scholar.

"Pedro Romero: Fine English scholar.

"Celso Baca: Fine English scholar.

"William Kirkpatrick.

"R. L. Baca: Scholar of high order.

"Pedro Sanchez: Speaks English moderately.

"Granville Pendleton.

"David Martinez: Good English scholar.

"Antonio D. Vargas: Good English scholar.

"Celso Sandoval: Good English scholar."

Mr. RODEY. There are eight or nine counties where we use interpreters in the courts.

Mr. LLOYD. At the present time is it true that you publish the Territorial report in both English and Spanish?

Mr. RODEY. No, sir: the only publication in Spanish of that kind is the statutes and a few reports of boards, for convenience. Don't make any mistake, gentlemen; New Mexico is an English-speaking Territory as a whole. Spanish is the exception, though large.

Mr. McKINNEY. This use of interpreters is a custom that is decreasing in practice?

Mr. RODEY. It is decreasing. You take my home county. We have had an interpreter for years, yet it is one of the most American and up-to-date and modern places that I know of. One-third of the people are natives. Of course, the natives like jury service—a good many of them have nothing else to do—and the Americans, so called, are engaged in manufacturing, mining, the lumber business, and one thing and another, and they avoid jury service, as is usual. So there is need of an interpreter there to a large extent. I have heard the report abroad that New Mexico requires an interpreter in the jury room. I have lived there since 1881 and never heard of but one instance where a jury called for an interpreter.

Mr. MOON. But you do not deny that that is a common practice in eight or nine of the counties that you do practice law in?

Mr. RODEY. To have an interpreter, but not to enter jury rooms. I dare say it is the practice in eight or nine counties, but I say also that it is never heard of in any of the other counties. In Grant County we never hear of a Mexican jury, and never have interpreters except for witnesses. In McKinley County it is the same. In San Juan County it is the same. It is the same in many of these other counties. But they do have interpreters in some of the counties, because they are very largely natives.

Mr. MOON. Those counties that you mentioned are centers of population, are they not?

Mr. RODEY. They are to some extent. But I don't see how that affects this question. There should be no dispute about that. The people of Arizona and of New Mexico are entitled to the same privileges, the same representation in Congress as the 15,000,000 people of Pennsylvania and New York, when we get in. That is quite a privilege. This Government is organized for the benefit of all of its people.

Mr. MOON. Why do you always single those particular States out—Pennsylvania and New York—when you make any comparisons, and not the smaller ones?

Mr. RODEY. Well, I will take Texas—

Mr. MOON. Take Delaware or Rhode Island.

Mr. RODEY. Well, I have got so used to referring to those large States.

Mr. McKINNEY. Referring to that part which you read a little while ago, you merely wished to show the high character of the mem-

bers of your Territorial legislature and to call attention to the fact that they understood English and spoke English.

Mr. RODEY. For no other purpose whatsoever. It is somewhat annoying to us people who live in New Mexico to have these charges hurled about concerning the New Mexico native people. They are as good as anybody, and they are superior to the vast quantity of foreigners who are thrown upon this nation. Every man in New Mexico of that character was born there. They were born under the American flag, while lots of their detractors in Arizona and elsewhere were in Ireland, like myself.

Mr. SMITH. Isn't it true that at the statehood convention held where you and Governor Murphy and Governor Otero and certain others made speeches, and where they had a letter read from the President—is it not true that at that great meeting there was an interpreter used for the speeches and for the letter as well?

Mr. RODEY. I believe that that was absolutely true, but that does not detract one bit from what I have said. And I want to say something more about that. I was nominated at a convention the second time at Raton. There was no more necessity for an interpreter there than there is in this room at this time. Yet they had an interpreter under the old custom. They will elect first a chairman, then they will elect a vice-president, then a secretary. Then, as they want to pass the political compliments all around, some fellow on the floor from some remote outstanding county where they have a number of Spanish people will move that somebody be made interpreter, in order that that person may have official recognition in the meeting. He comes upon the platform, but half of the time he has nothing to do. That is because of only nine of the counties in the Territory—the exceptions are the places where Spanish is spoken a great deal. All our court and other records are kept in English. There are justices of the peace, of course, in remote places who write Spanish better than English, who keep their little records in that tongue, but when it comes up to a district court it is all in English. Every court record is made in English, and everything is done in English.

Our recording officers are as modern and up to date as the best. We use those big typewriting machines that cover a whole book and are operated to write downward on the page. It is all rot, this talk about anything wrong with the Spanish people of New Mexico. They are just as good as any people in this nation, just as patriotic. We are annoyed at this useless and continued reference to them as though they were illegitimate children among our citizenship. There will be no inconvenience, no trouble of any kind, excepting in the old counties with the older people, and that will be only local and is passing away with time. Even in those places we get along all right and find no trouble.

I think I have fully answered what Mr. Morrison said in all of his talk about the natives of New Mexico, and the arguments he made with reference to them. We figure that when we get into the constitutional convention that there will be others that ought to have fear rather than the Americans. Mr. Sampson made a splendid talk from his standpoint. Now let me talk a little about irrigation.

I do insist that the Geological Survey does grave injustice to both New Mexico and Arizona as to the possibilities of those two Territories in telling what the possibilities are. I am one of those who

believe that Arizona and New Mexico have infinitely higher possibilities agriculturally and artesianly than they are getting credit for. There are large areas of country in here [indicating on map] where irrigation is brought about and where it was not thought possible. Here in eastern New Mexico we call it the Pecos Valley. It is one vast level. The river bottom is only about 3 feet lower than the country. It has been discovered that the mountains 100 miles away, away up in the northwest here [indicating], is the catchment area for a vast quantity of moisture that comes down and is recovered in this big valley down here—and this country is now settled up until it is agriculturally almost as big as the State of Massachusetts and contains 35,000 people right now. They will make it one vast irrigation project under the reclamation act which this Congress passed.

In northern New Mexico there is a vast area of country upon which they can raise crops, considerable crops, without irrigation. Down here in Arizona [indicating], after they conserve all the water again from the Gila River and all these other rivers that rise in New Mexico, there will be great areas of land under cultivation, and it will be really the center of a great State. Arizona and New Mexico will surprise the country in their development. And I want to say this, that they will surprise them not only in agriculture and in stock raising, but the two Territories combined will always be one of the greatest lumber sections of the country. They will surprise you in production of coal and iron, and they will surprise you in the production of live stock, and in the population they will be able to support. I can foresee that we will have all the population that we claim we will have. The other States will go ahead just the same, of course, but we are up against it, and the question of representation cuts a figure only with those who are in the Union, and not with those who are out like us. Arizona, I think, would show more actual assets than New Mexico at the present time, but when we take up the matter of the development of our vast mines, the question of taxation of mines will come up, and of course on that I have an opinion. You have noticed how people vary in their opinion. But there will be some difficulties about settling that question, difficulties about taxation. We will have to arrange some way of getting at the value of the property there so as to fix the taxes, but it is an outrage, and an inexcusable outrage to have millions upon millions of dollars' worth of bullion and ores leaving the Territories, going off into other places, and paying no tax at all to the treasury of the Territories.

The CHAIRMAN. Is there a mine down there that is owned by foreign capitalists?

Mr. RODEY. I think in his argument, Reverend Shields testified that a Mr. Douglass—I am not acquainted with him—was a big operator in Arizona. I understand that he is a foreigner, that he does not belong here at all—it is either Douglass or some other one of the Phelps-Dodge & Co. people anyway. He is, it is said, an Englishman. It is also said that the principal stockholders are English, and they should have nothing to say as to how we ought to be governed.

Mr. MOON. Are they not pretty good people?

Mr. RODEY. Indeed they no doubt are, and if we have a constitutional convention we will get rid of the alien act.

Mr. SHIELDS. May I say a word?

The CHAIRMAN. Will you submit to an interrogation?

Mr. RODEY. Yes, sir.

Mr. SHIELDS. As to the personnel of the Consolidated Mining Company.

Mr. RODEY. Who is Mr. Douglass, Mr. Shields?

Mr. SHIELDS. He is the President. All I know is that I think Mr. Douglass is a Canadian, but I think his father—I am not quite sure about this—I think his father is a citizen of the United States. He lived a long time in Pennsylvania, and he has been identified with American interests for many years. He came from Canada; he is not an Englishman, I am sure of that. And I do not think there is in the United States, even if he be a citizen, a man who is more earnestly interested in our people and in our country and in our progress than President James Douglass. He was a professor in the Columbia University—^a

Mr. ———. It was a Democrat on the floor of the House of Representatives who made the fight to join Oklahoma and Indian Territory into one State in the Fifty-seventh Congress. So that you gentlemen who are of the Democratic persuasion—

Mr. MOON. A Democrat made a fight for what?

Mr. RODEY. An Arkansas Representative named McRae put a map down in front of the Speaker's desk in May, 1902, during the passage of the statehood bills and made a fight to join Oklahoma and Indian Territory, and he was instrumental in helping to kill the bill in the Senate. So it was a Democrat who first started the movement for joint statehood. Judge Lacey and Representative Overstreet, of course, afterwards started it as to New Mexico and Arizona.

Mr. McKINNEY. You are not expecting the Democrats to be consistent all the way through, are you?

Mr. RODEY. It may be a violent expectation, but I want the Democratic members here, in all good faith, to remember that there are 21,000 Democrats in New Mexico who favor this joint bill, and they will fight for all there is in it when the time comes to create the State, and will try to carry it for their party. But they claim that owing to Territorial conditions, and the National Administration being Republican—I believe that these Democrats want joint statehood, but I believe that they want joint statehood because they think it is best, and I know Democrats in Arizona who favor it, too. The Republicans in Arizona will come into line, and a good many of them are already in line.

Mr. MOON. I believe you spoke of your big meetings at Tucson, did you not?

Mr. RODEY. Yes; I think I spoke of it.

Mr. MOON. I just wanted to ask you if you know anything about these people: The pastor of the Episcopal Church at Phoenix, Ariz., and his flock?

Mr. RODEY. Oh, there are men there—you will find members of the community that are advocates of separate statehood, and some that are advocates of joint statehood, but to-day if you go down there—

Mr. MOON. I just wanted to ask you if you knew him.

Mr. RODEY. I am not well acquainted in Phoenix.

^a Omission in copy.

Mr. MOON. Do you know the First M. E. Church, of Phoenix?

Mr. RODEY. No; I do not. Mr. Ainsworth will be here in a few days; he looks like a man who would know a church when he saw it. [Laughter.]

Mr. MOON. Do you know the people of the First Presbyterian Church in Phoenix?

Mr. RODEY. No, sir.

Mr. MOON. Do you know the people of the Federation of Women's Clubs?

Mr. RODEY. No, sir.

Mr. MOON. Do you know the mayor and the council of the city of Prescott, in Arizona?

Mr. RODEY. I know of them.

Mr. MOON. What sort of people are they?

Mr. RODEY. Good people; the best of people.

Mr. MOON. You know nothing against these other people?

Mr. RODEY. Absolutely nothing.

Mr. MOON. These are protests, Mr. Chairman, by these people which I will not ask to read, but ask to be filed and put in the record.

Mr. RODEY. Now, I want to say further that Albuquerque is recognized as being the headquarters and as the center of the joint-statehood advocates. Phoenix, Ariz., is recognized as being the hotbed of the opposition, and Phoenix is terribly afraid that it will lose the capital of the new State, and is said to be exercising tremendous pressure against this jointure for that reason. A good many of these gentlemen here—

Mr. MOON. I may have misunderstood you a while ago, but I thought you insisted that you had a great meeting in Phoenix.

Mr. RODEY. No, sir; in Tucson.

Mr. LLOYD. What is your purpose in bringing up this capital matter? There has not been anything said about the capital before to the committee.

Mr. RODEY. Wherever the people of Arizona favor joint statehood they taunt Phoenix with selfishness in being against joint statehood for that reason—that they are afraid of losing the capital. Now, there is one other matter that I want to bring up. Arizona has been making for a number of years a great point of the fact that it was created into a Territory, and that it has some rights superior to New Mexico because of that fact. Now, an editor in the Territory of New Mexico put it this way: "The midwife who was present at the birthing of Arizona tells the tale of the creation of that Territory in what is known as 'Posen's Diary.'" I will not read it, but if gentlemen of the committee wish to read it I will say that the portion material here is published almost in full in Senator Beveridge's speech on the 6th of February last on the floor of the Senate. It is proved there unquestionably that Arizona, created out of a county of New Mexico, when created had no reference to the Continental Divide whatever. The people who did this made a lot of offices, and every one of them got one of the offices thus created, and there were not over 6,000 or 7,000 people in the Territory at the time.

Mr. BEALL. In that fight, what is known as New Mexico now advocated the creation of a Territory.

Mr. RODEY. I think they were opposed to it.

Mr. BEALL. If you will look at Senator Bard's speech, I think you will find reference to that.

Mr. RODEY. I was present on the floor of the Senate when he delivered his speech, and if you will look up the question of the creation of Arizona your judgment will tell you that it was created merely as a political measure, an enterprise of a lot of gentleman to get these offices, and they did it.

Mr. MOON. Do you think that all of that has a bearing on this question of joint statehood?

Mr. RODEY. But the Arizonians are bringing this matter up.

Mr. BEALL. Did not President Lincoln, before that, recommend the creation of that Territory?

Mr. RODEY. I don't think so. Now, speaking about how people may divide on this question, I want to say that Reverend Shields's father is my neighbor in New Mexico, and he is a splendid man, and is for joint statehood. Mr. Morrison's father was my neighbor—

Mr. MORRISON. I want to say that my father has not left New Mexico and is a resident of Santa Fe, and I want to say that he is not in favor of joint statehood either. Mr. Rodey, I am glad he is still with us, for he is a fine man and a friend of mine.

Mr. RODEY. Now, gentlemen, I ask the Arizona gentlemen to deny this if it is not so. I ask if the entire bar of Arizona practically does not favor joint statehood?

Mr. MORRISON. I desire to answer that.

Several BYSTANDERS. That it not so.

The CHAIRMAN. Now, gentlemen who are not members of the committee will kindly retain their seats and their composure. Mr. Rodey has the floor.

Mr. MORRISON. He asked them to deny it if it is not so.

Mr. RODEY. Isn't it so?

Mr. MORRISON. It is not so. All the lawyers of northern Arizona at a meeting, their annual banquet, voted in favor of a resolution opposing joint statehood. That was held in Prescott last year.

Mr. RODEY. Did not the entire bar association of your Territory resolve that they did want joint statehood?

Mr. MORRISON. Never. I would like to add my reputation as an attorney—

A BYSTANDER. I presented a petition from nearly every lawyer in Phoenix, and only two were in favor of joint statehood.

Mr. RODEY. I have been handicapped in this hearing, first, by the fact that I did not know that there was going to be any hearing, and, secondly, by the fact that I have not all the data that I wish to present. In four or five days there will be a few gentlemen here from Arizona who favor joint statehood. I wanted to mention some of the citizens of Arizona who are in favor of joint statehood. I know that Mr. Bird is a man of character, a man who is thoroughly respectable—

Mr. FRENCH. That is not true—

The CHAIRMAN. The committee will be in order. Gentlemen who are not members of the committee, but who are bystanders, should not interrupt. It has been a rule of this committee that gentlemen who are not members shall not interrupt the person who is being heard.

Mr. McKINNEY. Mr. Rodey was present when Mr. French made his statement regarding Mr. Bird. Why is not Mr. Rodey entitled to make his statement regarding the same man without interruption? It is a matter of the testimony of two men.

Mr. MOON. That is true.

Mr. RODEY. I remember Mr. French's statement. Mr. French may be right, but I do not think so. From what I know of Mr. Bird, I think that he is a respectable gentleman.

The CHAIRMAN. What official position does he hold?

Mr. RODEY. He told me that he was clerk of the district court for Nogales. I know he is an editor of the biggest and one of the most able weekly papers in Arizona. Now, then, another thing—

Mr. MOON. How often have you met that man, Mr. Rodey?

Mr. RODEY. I have met friends of mine in New Mexico who know him. I have not met him very often. I know a lot of people down there—

The CHAIRMAN. He has a right to testify to the general reputation of a man in the community.

Mr. RODEY. I know that I have heard nobody speak ill of him in Arizona when I was there.

Mr. LLOYD. Have you been in Nogales, where he lives, often?

Mr. RODEY. No; I was there years ago.

Mr. LLOYD. Then you do not know his reputation in the community in which he lives.

Mr. RODEY. I have seen many men from there who have told me about him, and I am satisfied that he has a good reputation. In appearance he is one of the nicest of gentlemen. If you meet him, you would be impressed with his appearance, his big slouch hat and his Prince Albert coat. He appears to me to be a well-educated gentleman, and he knows enough to be for joint statehood. Now, then, the secretary of the league in Tucson, Doctor Rogers. He is a very fine gentleman. These witnesses also talk about Mr. Hughes. Mr. Hughes has lived in Tucson for thirty years. He has been publishing a newspaper there. He is a well-known citizen. He is a property owner. He was considered good enough to be appointed governor of the Territory of Arizona by President Cleveland, and he is good enough to be an esteemed citizen there. I am not one to condemn a man because a lot of strenuous neighbors see fit to make remarks about him. The methods of Daniel O'Connell's apple woman are not argument.

Then there is ———, the mayor of Tucson. He is a very fine fellow. Then there is Mr. Ainsworth, of Phoenix, who is one of the finest looking gentlemen I have recently met. He is a lawyer there. He practices law and has a bank there, and he has a son who also has a bank or is cashier in one. He is a real good citizen. He has sent to the Senate committee in this Congress more than 150 personal letters from citizens of Arizona favoring joint statehood, from citizens who did not care to put their names upon blanket petitions in those conventions where they sign petitions with a club of public coercion swinging over them.

Then in addition there is the Hon. J. L. Hubbell, of northeastern Arizona, who has written on this subject a great deal, and he claims it as a fact that a majority of the people of Apache County will vote for joint statehood.

Mr. MOON. Is not Mr. Hubbell recently from your Territory, and has he not relatives over there who are urging you to adopt your present position—not your former one, but your present attitude?

Mr. RODEY. All his relatives live in my home town, but that does not cut any figure in his position in any shape or form. He served in the legislature of Arizona two or three terms, and is a well-to-do merchant who has lived out there twenty-five years. My position for jointure was forced by eastern public opinion and by this committee.

Mr. LLOYD. You have referred to the character of Mr. Hughes, Mr. Rodey, and to the fact that he was appointed by President Grover Cleveland as governor of the Territory. Are you aware of the fact that he was dismissed by telegraph by Grover Cleveland?

Mr. RODEY. I do not know that as a fact, but if these people were as fierce then against him as they are now I would not wonder at it.

The CHAIRMAN. Would not that be just as good and just as effective as a letter? [Laughter.]

Mr. LLOYD. I will say for your information that he was dismissed for cause by telegraph. He was dismissed, but I have not said what the cause was. There was cause.

The CHAIRMAN. By Mr. Cleveland? That is good Democratic authority. [Laughter.]

Mr. RODEY. I want to say in all fairness, Mr. Chairman and gentlemen—I want to submit this proposition, that there is not an argument against jointure save the matter of representation. If you can not vote for the bill because of that, then you have to take the other position.

Mr. MOON. Do you mean everybody in Arizona is in favor of that bill? Don't you know they are all against it?

Mr. RODEY. No, sir; that is all nonsense. When you submit the matter to the people of Arizona, you will find it so. I can not think of any more of the names of people in Arizona favoring jointure, though I have hundreds of them in my files.

The CHAIRMAN. Can we not close, gentlemen? It is now twenty minutes to 2 o'clock.

Mr. RODEY. If you pass this bill as we want it, we will make Arizona the greatest State in the Union. If these gentlemen who have been here opposing this measure had fought the battle as I have fought it, if they had been here, as I have been, and spent every dollar they have, as I have done, they would know it would be an utter impossibility ever to attempt to get into this Union again a Territory with half a million people in it. The day of mistakes in letting unprepared Territories get into the Union as States has passed.

I want to point out to my Democratic friends—for I have got them in this committee, I am sure—if they are afraid the new State will lose its proper relative representation in the Southwest by the combination in one State, instead of admitting each of the Territories as a separate State—if they fear the West or Southwest will lose its proper proportionate strength in Congress on account of this bill, it is a mistake. I can point out an absolute remedy against that. Under the present no-cloture rule in the Senate any six Senators at any time can block all legislation in the Congress of this country in the Senate indefinitely, and they can even prevent the adoption of a cloture rule to shut off debate. Then they can propose a division of California into two or more States, Texas into a division of

two or more, Montana into a division of two or more, and the State of Arizona, now to be created, into a division of two or more. They can demand that and stick by it until it is granted, if they want to, and that would be a complete remedy in the premises. But the truth is, that after the creation of this splendid State to be, and the abolishing of the unnatural line that now divides them, they will never want to split up into several States any more than Texas does at the present time. From the moment the new State is created the people of the combined territory will divide, not upon territorial, but political lines.

Mr. MOON. You are appealing to your Democratic friends. I want to say if you get your Republican friends to put an amendment to this bill by which the question may be submitted to the people of either of the Territories, whether they want to unite or not, then we will stand by you.

Mr. RODEY. You, sir [addressing Mr. Moon], have been too good a friend of mine, Mr. Moon, to ping-pong me here like that. [Laughter.] You know, Judge Moon, as well as I do, that it is either joint statehood or else it is Territorialism for twenty years to come, and then joint statehood for us in New Mexico and Arizona. That book of fate is sealed, Judge, and you know it. Now, don't you?

Mr. MOON. Are you willing for the people to amend it?

Mr. RODEY. Yes.

Mr. MOON. Then let us have the amendment. If you recommend it here your friends may be able to report it.

Mr. RODEY. If you will submit this to the vote of the Territories I will strive to help to have it done. The fight will be all the harder, however, because the interests that bring about and continue the conditions which I have described in New Mexico and Arizona will, if possible, defeat us. They will keep us apart if they can.

Mr. MOON. You do not want to be understood here, though, as being unwilling to express the voice of the people in Arizona and New Mexico on the question of jointure, nor do you want it understood that the people there are so immoral that they would be corrupted by corporations, do you?

Mr. RODEY. My friend is ping-ponging the great question again. [Laughter.] The fact is, we do not make any admission of that kind at all.

Mr. MOON. No; but as an American proposition, Mr. Rodey, as a straight American proposition, do you believe it right for this Congress, in view of the divergent views existing there, to force jointure without granting to those people the right to vote on the question in the Territories?

Mr. RODEY. No; I do not think it is so wrong as all that now—

Mr. MOON. I knew you did not.

Mr. RODEY. If those of that view could get that privilege to have separate votes we could get in alone. It amounts to the same thing, and I know we never can do that. That simply keeps us out. To be frank, what is the use of my dodging that? If we lose out in one Territory the bill is defeated. And this Congress does not intend to let us in, anyway, save as a joint State, and the two of us must go in at once or stay out until we have sense enough to come up to the gate like Oklahoma and Indian Territory and ask for joint admission without complaint.

Mr. MOON. I am afraid, Mr. Rodey, you are not trusting sufficiently to the justice of this Congress.

Mr. RODEY. Ah, five years of bitter fight have taught it to me, and that is the only knowledge I have—seven years of bitter fight. I might say. Of course I have some information about it, perhaps, that my good friend Mr. Moon has not. I have had conferences with people that he has not had—conferences that it would not be well for me to mention; but it is my firm and absolute belief that New Mexico and Arizona will never come into the Union except as a joint State, and we might as well come in now as at any other time.

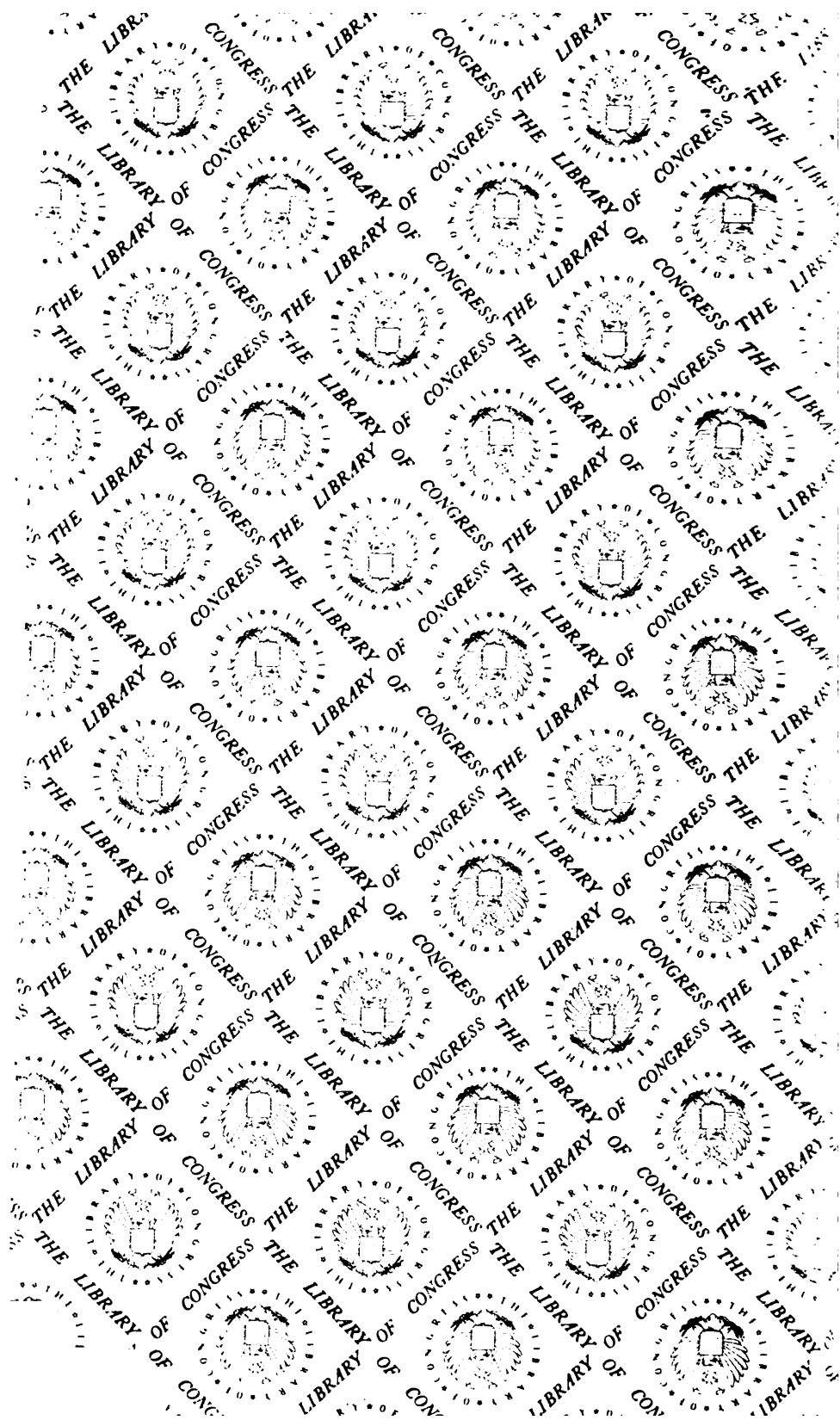
Gentlemen, I submit the whole thing to you with the fullest confidence that you will put the most liberal terms in the bill.

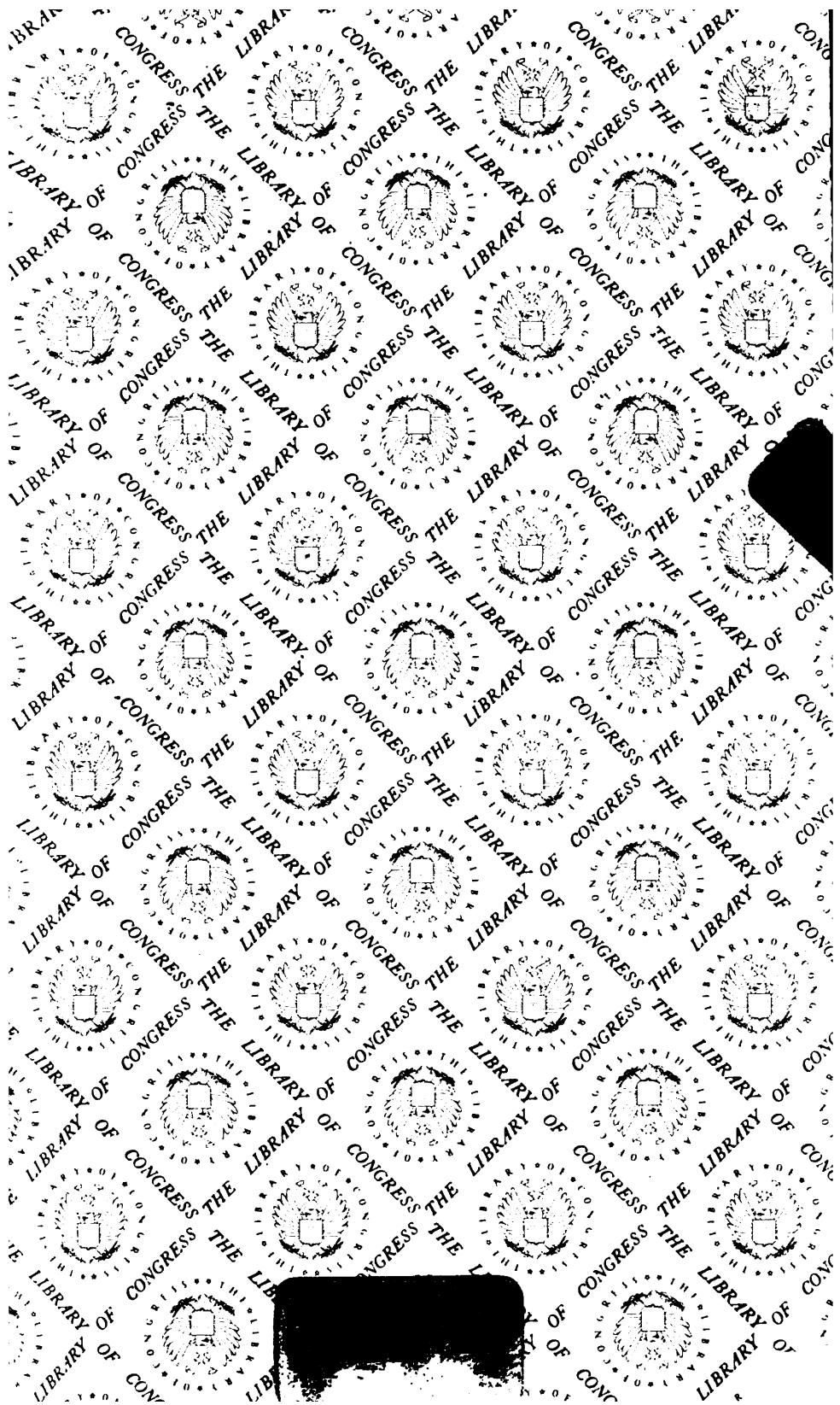
The CHAIRMAN. Mr. Rodey, I desire to say now, at the closing of this hearing, that it has been a great pleasure to myself and to every other member of the committee, Democrat and Republican, to have had you with us once again. We have been very glad to see you, and very glad to have heard you.

Mr. RODEY. Thank you, sir; as well as every member of the committee. If I have said anything that has given any of you cause of offense, I trust you will pardon me. I did not intend to offend. If I have said anything that has offended any person from Arizona, I ask to be forgiven; I did not intend to. We have got to hitch up and run in double harness, and we might as well quit biting each other across the point of the pole. [Laughter and applause.]

The CHAIRMAN. Yes; the hearing will now be closed.

(Thereupon, at 1.50 o'clock p. m., the hearing was concluded, and the committee went into executive session.)





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